

Transcription - Itaú Day 2023

Introduction

Renato Lulia

Good morning! Welcome to the third edition of the Itaú Day. My name is Renato Lulia, Group Head of Investor Relations and Market Intelligence at Itaú Unibanco. In this meeting, we will talk about everything that is behind the figures that we present quarterly. Today you'll have the opportunity to learn more about the development of our business, how it has progressed, and where we are moving toward consistently and always securely.

To do this, we have divided the agenda of this meeting into three major sessions. First, we will have a conversation with the co-chairmen of our Board of Directors, Pedro and Roberto. Next, Milton Maluhy, CEO of Itaú Unibanco, will bring details about the initiatives we are developing, including Itaú Unibanco's digital and cultural transformation. Next, we'll have three panels with the members of our Executive Committee for a debate about our business and our institutional agenda.

Throughout the entire event, we will answer questions sent by you via the platform or WhatsApp. For those of you who are accessing the website, just click on the button that is on your screen or send your questions via text to the number 11 97825 5898.

Since we have received many questions, we will consolidate the main topics so that we can reply to them throughout this meeting.

At the end, Milton will come back to answer a few more questions sent by you.

I'm at our Itaú Day center, and to start this first panel, we're going to our Itaú podcast studio, which is in the Business Center, where Pedro and Roberto are already waiting for us.

To moderate the conversation with them, we've invited journalist Mara Luquet, an expert in economic and financial journalism, who also contributes to our *Inteligência Financeira* (Financial Intelligence) platform. *Inteligência Financeira* is a news website about economy, finance, and investments ran by Itaú Unibanco for the purpose of helping Brazilians save more and invest their funds better, and the journalists' newsroom has full editorial independence.

After a year and a half on air, it is the fastest growing economic news website in Brazil and May alone, and the platform had more than 4.5 million hits, with 3.3 million unique visitors, which already puts it as one of the largest financial news websites in Brazil. For those who do not know it yet, we invite you to visit it.

Mara, it's up to you!

Podcast - Pedro Moreira Salles and Roberto Setúbal

Mara Luquet

Thank you, Renato! Good morning to everyone who is here with us.

We're speaking from Itaú Unibanco's podcast studio. Here, at the Itaú Unibanco corporate center, which allows us a more informal conversation. I'm here with Pedro and Roberto. Let's start this conversation.

Good morning, Roberto. Good morning, Pedro!

How do you like the bank's podcast studio?

Pedro Moreira Salles

We're all getting to know it for the first time.

Mara Luquet

Looks nice, right?

Roberto Setubal

It's very nice and I think it's quite fitting.

Mara Luquet

I'd like to start our conversation by talking about the bank's culture. What are the challenges you see for the bank for the coming years and what are they like? What changes have you already implemented? Last year, you already talked about this shift to a client focus. Thus, I'd like you to tell us what has already been done and how you are seeing the future. Who's going to start? Odds and evens? You start, Pedro.

Pedro Moreira Salles

So, Mara, you've touched on a subject that I think is, perhaps, in my opinion, the biggest competitive advantage of an organization, and I think it's Itaú Unibanco's great competitive advantage, which is culture. I think culture is a key and core subject. Roberto and I agree on that. Since we started our operation a long time ago, this culture topic has always been absolutely key. And it's key because if you want to make important changes, you have to know that people are with you and that they believe in a certain set of attributes and

guidelines. And last year, as you've mentioned, we proposed what I would call the alignment of our culture.

This was the third stage of a process that began in 2010, when we launched a great effort to show what were the attributes that we wanted to pursue. And when we talked about clients, as you've said, I think the first thing that we said and that triggered major transformations, is this idea that we work for the client. Saying that we work for the client is a phrase that may not carry much weight or that seems almost banal, but it's not. If you take it seriously, it leads to major transformations. And I think we are precisely experiencing these transformations, because the traditional banking model is the business unit model, of a series of monoliners that are growing side by side and that, obviously, each in its own way, are trying to serve the client the best way they can, but lack the perspective of the whole. And the perspective of looking at the whole really implies a transformation. It's easy to talk about and very hard to do, because in a way, this century-old organization has organized itself around products and it now wants to organize itself around clients. And this year, this has even led to a major organizational shift, which is precisely how you understand the needs of a client.

We have a department area called "Needs", which is an area that looks at a client and tries to figure out the best way to serve that client. What do we need to do? And this transition from the product vision to the client vision is one thing that I think all companies are pursuing. As Roberto has already mentioned, we have a challenge that has been presented to us by the new entrants, who generally enter as monoliners, who can look at the client as a whole, because they often have a single product, and moreover, the complexity that comes from you adding divisions creates a difficulty of integration and looking to at the client as a whole. Only with a very strong culture and a very clear understanding that we have to follow this path, can we make this leap. And I think we're making this leap.

Mara Luquet

Oh, Roberto, I'd like you to add to what Pedro is saying regarding the client focus. A distinctive feature is that the bank, as a century-old organization, has generations of clients, families, and you've been serving from the grandfather to the grandson, anyway, is this a plus or a minus?

Roberto Setubal

Look, I see the theme of culture, as you rightly said, as key. The world is changing and we have to adapt, keep evolving as well, as the world is evolving. The culture of the world changes and we have to change as an organization to adapt, to evolve and to prosper in an ever-changing environment. There are clearly features of our culture that go back to the beginning, when the bank was founded, by continuing the work of our ancestors here at the organization. I think they had some values that remain valid to this day.

I emphasize ethics as a value that has always been present in our organization. Let's put it this way: the carefulness of keeping a strong balance sheet, a strong organization to give it the ability to grow, are elements that have been with us from the beginning, but at each moment we add more by giving more weight to some aspects other than others, due to the change of

circumstances that forces us to adapt. With this in mind, I'd like to go back a little, to Pedro's initial point, that this is Itaú's major competitive advantage, because we know how to adapt to each moment. When Darwin formulated the theory of evolution, he did not say that it's the strongest who survive, it's the fittest, those who know how to adapt to each moment in time.

So, in this sense, culture has a huge weight for us and we need to evolve the culture and adapt it to each moment in time. Currently, we are experiencing a huge change in the financial market, brought in, I basically think, to keep up with the change in technology, which has created a way in for new market entrants, some quite successfully, and that forces us to take steps forward.

I think we have been moving forward by looking deeply at this new competition so that we can also evolve. These are the biggest challenges. But we like challenges; we like to keep changing and adapting to the new world. And I think the outcomes that we've gotten in recent years show precisely that.

This process of technological change began way back. And I think Itaú Unibanco has been able to adapt and evolve. I think we are on a journey of great evolution and great transformation in the bank. Now, I think Milton has introduced that full priority on clients. And it's not a hollow phrase. As Pedro said, it's much more than a phrase. It's a bank that is fully reorganizing itself so that it can have precisely this needed focus. It is the entire technology infrastructure being fully revamped so that we are able and can really provide this type of service, in order to understand the client that much better.

I think we're on this journey but we're not there yet. There are still important challenges ahead and I think we're on the right track and in the right direction.

I see Itaú Unibanco standing out from our traditional competition and I am very optimistic about the bank and the path we are taking. We have challenges ahead, no doubt, but I think we're headed in the right direction. And I think the issue of culture, which evolves and adapts to each moment in time, has been key for this journey. And I think we're moving forward pretty well.

And like I said, I'm pretty optimistic about what we're experiencing right now and the prospects ahead. I think the bank is at a great moment.

Mara Luquet

This talk by Roberto about consistent earnings is a major distinctive feature, and throughout its history, Itaú has lived through different periods of Brazil. How do you see Itaú Unibanco's next challenges and distinctive features relative to its competitors?

Pedro Moreira Salles

Mara, let me go back a little to what we've been talking about, when we say we want to focus almost obsessively on the client, it's not because before there was no such understanding.

There is a phrase that I've learned from Roberto, that I like very much, which is: the bank will be the size that clients want it to be.

So that's in our origin, in our DNA. Now, what we need to do to be able to keep up with this real client need at a century-old organization, with the size and complexity that our bank has, is not a straightforward challenge. We even know the way, but dealing with it is not obvious.

To do that, you have to get out of the product vision and dive into the client vision, and to be able embrace the client vision, we have to have very different systems from those that we had in the past, because we can't get stuck with legacies, otherwise there's no way to compete with these new entrants, who obviously have another level of agility and lightness.

So, there's the boldness of internal change from an organizational standpoint, the new operating model, but there's also the boldness with regard to embark in a major transformation in the world of technology. We have a three-pronged issue, which has to do with artificial intelligence, the cloud and data, and those that actually understands this and stay ahead, will be far ahead of those of those who do not pursue it.

And I think we're on the right track. So, for example, with respect to the cloud, the bank already has 50 percent of its platform in the cloud. And since not everything will go through migration, this means that 70 percent of the upgrading path has already been taken. There are still things to do, but 70 percent is a big figure. This gives us an enormous agility, responsiveness and the ability to be competitive, much greater than if we had been stuck with the technology model that we had been building for decades and that generates certain inhibitors for the bank to be able to, in fact, give the response that clients demand. There is also a huge internal training effort for everyone to understand new technology better. Note that last year, as regards data, and cloud, we trained more than 5,000 people, who underwent in-depth training so that they could fully grasp what this step is.

So, going back to the culture and combining it with this digital transformation, this explains in large part the bank's ability to stand out, because, I understand that everyone wants to go in that direction, but implementing it is far from simple. I think the bank is very good in implementation, once the plan has been laid out. And the plan is laid out and we're moving forward.

Just one final note. One of the ways you have to measure client satisfaction, is the NPS. We launched this measure about four, five years ago and we have gone up 20 points in that period. It is a very significant figure and, today, almost 60 percent of the bank's business areas are at a level of excellence, and the other 40 percent are getting closer. So, how do we compete? We do this by ensuring that the client looks at the bank as a true, legitimate partner, with solutions suitable to their needs, no matter what type, within the financial services and products that we offer.

Mara Luquet

Roberto, in 100 years there have been a lot of changes. I mean, the world changes, the environment changes, and you are used to adapting and going through these changes, so much so that you are turning 100 years old. So, doesn't that scare you?

Roberto Setubal

No, I think that we have already gone through several transformations in the financial system and we have come this far because we've always known how to adapt, how to face and overcome these challenges. The challenge at the moment is to adapt to this new market, the new situation, and I believe that we are doing it very well.

It's a transformation challenge, we are transforming ourselves into a more agile, more client-focused organization. And to do this it's not enough just to want to do it, as it requires a series of measures that are being taken by the bank, are being implemented by IT, in the way we are organizing the bank, in the way we look at, measure and set our targets. For example, a topic that was very important in this transformation, within the central administration, was how to organize the bank into communities.

I think this brings a very different agility to the bank and will allow us to take much better advantage of this new wave of technology. That said, we're entering a new stage of technological transformation, which is artificial intelligence. And I think we're very well prepared and very willing to embrace this new opportunity. And we see it more as an opportunity than a challenge.

In effect, with every challenge comes an opportunity and I think we got to be where we are because we really knew how to turn challenges into opportunities. Two or three years ago I was much more worried, you asked what the concern was, right?

Mara Luquet

Were you more worried?

Roberto Setubal

I was.

Mara Luquet

Worried about what?

Roberto Setubal

I was worried because I thought that the bank hadn't found its way yet. Anyway, five or six years ago, we realized that the world was changing and changing very fast. And between realizing something and knowing the way – becoming aware that we were in a world in transformation and that we were about to face new challenges, and knowing how to address these challenges and walk in that direction – this was a process that took us some time, because we had to revise everything that we had done so far, what was right, what was wrong,

what was suitable for the future, what wasn't, and how to organize our company. And I think those two years marked the start of a journey. A journey in the technology field, a journey of transformation of the bank, in the way of organizing the bank. And we're probably halfway through that journey.

The important thing is that we're headed in the right direction and we know where we will arrive. And like I said, two, three years ago, we were still figuring it all out. We've found the way and we're implementing it. Pedro said that we are good in implementation, I fully agree. Being good in implementation is one of our greatest features.

So, I think we are on this path and, as in the past when we overcame several challenges, I think that this case will be no different. We are already on the other side and we already know what to do. I have no doubt we're going to get there and we're going to get there fast.

Mara Luquet

Pedro, were you worried too?

Pedro Moreira Salles

I was.

Mara Luquet

I can imagine the two of you calling each other to say, "I'm worried." "Roberto, I'm worried."

Pedro Moreira Salles

Because if you're an incumbent, a market leader, then you become the target, and everyone that gets in, who are they going to criticize? The big players, those that have that look as though they represent the past and not the future.

Now, how to make this big change, this big transformation? It's not obvious, there's no formula or examples to follow.

There is no way to copy one or the other and I think we are finding a solution that is our own. And it works, and the evidence points in that direction. So, I think you touched on yet another competitive edge.

I think that today, Itaú Unibanco is a bank that is much closer to what is necessary to have to compete properly in this market, where the demands are different, the requirements are different, where the examples of the clients' relationship with all their suppliers has changed, because other elements have entered into this relationship that no longer talk to traditional banking and to the traditional relationship with a bank.

So, I think we've made this diagnosis and started moving. And again, that's about the culture, it's the way we work, it's the impact of all this on technology, it's the technology that allows you to change the way you address clients and product. So, I think we've come a long way and all the measurements that we produced indicate that this path is being trodden the way we expected.

And the bank also has a governance process, which we have to talk about, because I think it's exemplary. First, the quality of our personnel is outstanding, when we look at the staff working inside the bank, who I think are very talented, very dedicated people, who have the ability to implement things and understand the way to go.

The Board plays its oversight role very well, through the board and through its committees. So, going back to traditional banking and risk management, I think the bank has extraordinary risk management capabilities. I think the bank has mastered the levers and can understand the earnings it can expect in the coming quarters, and in the next year, and can deliver what it has committed to deliver, because it has been developing like this over time.

So, all of this put together is what gives us this confidence that Roberto is talking about, that we're heading in the right direction.

Mara Luquet

Pedro, unfortunately I'm going to have to end our conversation, because you talked about governance and this includes a lot of issues that we could bring up. In closing, I wanted you to leave a message for our Itaú Day audience, for the investors who are listening to us. I'd like both of you to leave a message. Can you start, Pedro?

Pedro Moreira Salles

Well, to everyone who's here at Itaú Day, I think we are completing another cycle of deliveries and I think we have the right team, from the CEO to the executive committee and, obviously, the teams that are assembled from the executive committee, of competent, engaged people who understand the challenges and who respond to these challenges boldly and competently.

And I think that's shows up in the earnings that we've released every quarter. Obviously, we still have a lot to do, but this is a construction that never ends and we are clearly aware of the size of the bank, the challenge that the bank has to face, and the response that the bank is able to give to these challenges. So, I'm very confident that this path is being built and that we will always have the ability to deliver the earnings that we set out to deliver.

Thank you very much!

Roberto Setubal

Well, now we're getting to the end of this chat, which has been very pleasant, and you are starting this Itaú Day meeting, which will discuss many things, some of which we talked about here, and there is a lot to be talked about in this time of great transformation of the bank and

of the world. I'd just like to reinforce some messages that I've talked about during our conversation, which are messages that we're transforming the bank.

This is a transformation that requires everyone to adapt. Pedro and I have adapted, we've changed from what we used to be not so long ago, and I think you are also in this process of adaptation, because if we don't change together, the bank does not change.

I understand that we are on the right track, I'm confident and optimistic about the bank, and I think you can also be optimistic and confident. We have a lot to do, as I've said, we're heading in the right direction, but we are not there yet. We have a goal, a road ahead for us all, we know where we want to get and we're going to get there. I'm counting on you.

All the best and have a great meeting.

Mara Luquet

Well, we'll have to close now, but the conversation was very good, and I hope you guys enjoyed it. It's our very first podcast, but several more will come. Everything we talked about here, all these issues we went through, will be addressed in-depth throughout Itaú Day.

Let me say goodbye and thank you both for the conversation. Very good to be talking to you and I hope you enjoy Itaú Day.

It's over to you, Renato.

Renato Lulia

Thank you, Mara! It's always a great privilege to have Pedro and Roberto sharing some of their vast experience. Following our meeting, I give the floor to our CEO Milton Maluhy. Milton, welcome to our long-awaited Itaú Day 2023, it's up to you now.

Milton Maluhy (CEO) Presentation

Milton Maluhy

Thank you, Renato. Thank you, Roberto. Thank you, Pedro. Good morning, everyone! It's a great pleasure to be here with you in our third edition of the Itaú Day, an event to which we've dedicated much time and thought. We've prepared our program with great care to share with you what has been our agenda, the progress we've made since last year and all the challenges we will face.

I'd like to tell you that in this Itaú Day I'll not monopolize the agenda. The idea is that I'll provide an introduction, talk about the key topics. But the purpose today is to share with you the vision of our group, of our Executive committee, of our group of partners, who are those that are here with me every day, because, as I say, here at the bank we have each other's back.

So, in the same way I'm here representing our 100,000 employees, our 100,000 itubers, not only in Brazil, but all over world, our executive committee will also represent all our itubers

here today. Therefore, I highlight the first aspect, which has been the driver of transformation, our new culture.

The new culture was launched last year and we are now celebrating this first year with massive results. Measuring the results of cultural change is always very difficult. We measure it based on attitudes, actions, the way we see our teams engaged. And we always say here that a happy and engaged employee reflects on a happy and engaged client.

We've hit historical peaks for eNPS in the bank, which is the Employee Net Promoter Score. We reached really very high scores, which granted us, in its last edition, the Great Place to Work award, the best company in Brazil with over 10,000 employees to work for, not the best bank, but the best company.

We've been receiving important recognition as a company that makes room for innovation. We ranked eighth by a renowned publication in the United States and in Europe. We were very proud of this recognition, but we believe that, and as we say here, we have made only 20% of the journey. Culture is every day, all the time, and we must keep moving forward in this journey.

So, the challenge for this year and for the coming ones is to adopt the new culture and ensure that we'll manage to introduce the new culture to all employees of the bank, regardless of the geographical distance. Everybody must act according to the new culture. It's not the responsibility of the CEO, but I understand that it's my primary role. I strongly believe in the top-down approach, culture changes by example, but this is the work of all leaders. And Sergio Fajerman will talk about this: he'll give more details. I'm just giving a spoiler.

This cultural transformation is based, first and foremost, on a real obsession with the client. The word is really "obsession". We've been working on this dynamic with the client for some years, of understanding and measuring the customer experience in all channels, with all products, in all transactions, and we've been able to go forward.

Recently, I showed that over 60% of the businesses are already at the level of excellence, with an over 70-point NPS, but we're not satisfied.

We discuss a lot about performance, consistency, and we'll go after it: we'll reach 70 points for all the businesses of the bank. We have targets to achieve until the end of the year, over next year, and we'll continue to be highly focused. But, for us to deliver to clients what they really expect, we have to complete and keep moving forward in the journey for the transformation of the technology platform.

And this is one of the drivers, this modernization, all this componentization of our platform, the broken monoliths in legacy systems, and taking our technology to the cloud. More than two thirds of the legacy systems, those that are relevant to our clients, are already running on the cloud, providing speed, agility and an incredible capability of responding to the client's needs.

And more than that, our Data Lake, where we have our data, operates 100% on the cloud, so that we became a data-centric company, that is, a company that looks at data and works with data all the time. Deep down, the challenge before us is to turn into a bank dedicated to each and every client rather than providing mass services to segments. That is, make each and every client feel they're an individual, unique in their relationship with the bank.

More than that, for 2023, we'll keep seeking to increase the NPS scores. Reaching 70 points is not enough, since some business segments already operate over 70 points. But we'll continue to go after it and to improve the assessment, and we'll keep increasing the requirement. Clients' expectations change and technologies progress. So we're here to act and move forward every day, all the time.

Also, I talked a lot about data and we've been developing many tools with artificial intelligence, machine learning, and we understand that these are very powerful tools in the interaction with the sales force, in the efficiency agenda and in customer experience. We really have to use this technology to benefit our clients. This goes for design, for efficiency, for simplification and for being more competitive.

This goes for all interactions, because, in the end, there is a whole framework behind them. We want engaged clients and we've talked a lot about "the engagement machine". The engagement machine is nothing more and nothing less than to make our client become more client of the bank, from the one with a lower relationship to the one with a highly engaged relationship with us, for whom the bank is the only relationship bank. We always say that one percentage point in engagement generates approximately R\$1 billion in new revenue to the organization.

This is to show you that engaged clients, quality of service and result go together. Now, we can't forget the other agendas. Flavio will give you more information about our ESG agenda, all the partnerships we've been entered into. We want to be the bank for the transition to a low-carbon economy.

We don't want to act as a bank that criticizes and reviews the practices of our clients. We want, instead, to add to the efforts that these companies are already making. So, in this process we're all partners in a common goal, and it's in this spirit that we've been working hard with the Net Zero Banking alliance. We've been disclosing clear goals. We have a very important ESG agenda, in which we talk about goals, diversity and inclusion. Sergio will also talk about this. We talk about the Amazon and about the social side of the bank. We're one of the companies that make the most donations and carry out important work, both in education and culture, and in several other elements here on the social side. And we also talk about Governance, because it's not only about Environmental and Social issues, but it's about Governance issues too. What's important is the way we care for our relationships with investors, for the governance, for the quality of the material provided, for the depth with which we address issues with you and for the quality of our financial statements.

Also, we've been working a lot with what we call an "associative agenda". And the purpose of the associative agenda is to improve the ecosystem, again, to serve our clients well, to complement our offer, or to provide a better commercial proposal or a proposal within an ecosystem and a more integrated delivery, which brings value to our end client. And we've made acquisitions, some of them already approved by the Central Bank and the CADE (Brazilian antitrust body), and some in the final approval stage. Our major goal is to serve our client in the best possible way and to become increasingly competitive. It's what we call a one-stop shop: the client comes to the bank and has all their needs met.

To this end, we need a complete ecosystem of products and services. Our role is to be always looking outward, identifying opportunities, recognizing the quality of the work that many of our competitors are developing in specific areas. Here in the bank we say, and this is one of the pillars of our culture, that we don't have all the answers. This brings a vision of humility, of looking inward.

It's what I always say here in the bank: we are leaders, but this scenario can change in the future. This realization makes you become better, more humble, and have an awareness of the surroundings. Looking outward is key. Learning with our mistakes is ok, but we have to learn with others, including other industries.

This is what we're going to keep pursuing to move forward, not only in our traditional business, but also in other revenue lines, in other business. To be able to talk more and more about what we call beyond banking, deliver business and serve our clients well, not only with financial products and services. It's about delivering offers and knowledge, complementary experiences, leveraging our audience, our relationship, our ability to deliver products and keep contact with our clients all the time. And this is what we seek every day in this environment.

And talking about the future, connecting all the points that I brought here, you'll notice that culture is always present in all comments. So we really need to have a more digital culture. Culture is about the client, it's about having each other's back and not thinking we have all the answers. But it's also about being more digital, having a more agile mindset, having a model with less hierarchy and more autonomy. A bank that learns every day and handles mistakes in the best possible way, creates an environment for learning and for people to become entrepreneurs. Obviously, we are a regulated industry and have to take care. Risk-management is something that will always be embedded in our decision-making. Managing risk is the core of our activity. And I think that we've been managing to do it on a very consistent basis over the years. This is what is taking the bank to a very sound level of profitability and consistency throughout our whole journey.

We talk a lot about quality of indicators, when we release our quarterly results, but it's very important to understand that those indicators are not there by chance. They have to do with soundness, risk management and credit quality. And we've been able to manage credit in very turbulent scenarios. It's not that turbulence has reduced: it's present and we have to keep being active in this regard. This involves managing risk, the balance sheet and rate

mismatching – everything that is involved in the market side. With this, we can mitigate volatility impacts and serve our clients well, being always present, providing highly competitive conditions.

In this sense, the bank has been performing very well in clearly challenging scenarios. I say it all the time, and those who follow the calls know, that there must be caution. I believe that caution is a word that is still very present in our daily routine. We're cautious, we're good risk managers, we have a lot to learn. For sure we make mistakes, we learn with our mistakes, but this is part of our culture. And we want to keep having this strength, engaging and mobilizing 100,000 people, not only in Brazil, but in all countries.

I recently came from a visit to Chile and note that this engagement level is everywhere. This is super cool. This digital transformation is happening at an amazing speed and is already impacting the client agenda in a very positive way.

So we have structural strengths. First we benefit from being a universal bank, reaping benefits in times of higher volatility, because we're very strong in all segments and business in which we set ourselves to operate.

We've been striving to be the leaders in business, striving to serve our clients increasingly better and to evolve our operation. It's about growing the brand, growing the bank, improving our efficiency ratio. Many times we talk about cost and the feeling is: but what about the client? Cost is part of the client agenda, because the more we invest and create room for investment, for business expansion, the better we will serve our clients. And the more efficient and more competitive we are in terms of price, the better we deliver our products and services. We'll keep expanding our business, investing in technology, because here in the bank this efficiency agenda is not a short-term agenda. It's an everyday agenda, but always with the logic of investing in the future, of continuing investing in our growth, investing in creating value to all our stakeholders.

And digital transformation has been enabling this agenda in the best way possible. You'll see that we talk about digital and efficiency. Our CFO and CRO will talk about this with you in a while.

And I think I've talked too much already. I think I was able to sum up well how our debate is going to develop.

One more time I'd like to thank for your participation and say that it's an honor for us. It's a joy when we have the opportunity to share with you what we've been doing. We always take some care because we share with everybody, including our competitors, because in fact we want to provide a consistent delivery.

I believe that the cohesion model that we've been creating, in which we have a strong culture in transformation, in which we talk about the customer, and we have carried out a digital transformation, an investment that has been made for many years, and that we have been

accelerating over time that we've been creating, is not simple to replicate. We continue to believe that the bank will be here in the long term and will be strong.

Who knows, we'll still be in the position of leaders and for this reason I count on you and thank you. First, thanks to each one of you, our employees and itubers who are here watching us. It's always a great honor for me to be here representing all of you. But I want especially to thank our clients, who entrust their business to us every day, who give and open up opportunities to us. And especially to you, our investors, from individuals to large entities, thanks for your trust. I believe that we've been taking good care of your investments and will continue to take care as if they were 100% ours, because here in the bank we're all partners, everybody working with the same goal and in the same direction. And more importantly, we all work with the same speed. Consistency, focus, discipline, client, culture: this is what you'll hear about here.

Renato, I give the floor to you. Thanks once again and see you soon. All the best to everyone.

Panel: Institutional

Renato Lulia

Milton, thank you so much for your participation. Don't forget that at the end, Milton will come back to answer a few more questions sent by you.

Well, we've already talked about the financial market's background, where the bank is looking and some of our main initiatives. Now, we will have a succession of panels with the members of the executive committee, who are here in the lounge of our studio, following everything very closely.

They will talk about various topics relating to our business with a forward-looking perspective. For this first panel, I invite Broedel, Matias, Vita, and Sérgio. Welcome!

Alexsandro Broedel is our CFO, responsible for the Finance area at Itaú Unibanco; José Vita leads the area that includes Legal, Ombudsman, ESG and Corporate Affairs. Head of risk management at the Bank is Matias Granata; And Sergio Fajerman leads People, Marketing and Corporate Communication teams.

Welcome! Thank you once again for being here for our first Itaú Day panel. And I would like to start this conversation with a question to you, Broedel. And the question is this: we have been talking a lot about three important initiatives: digital transformation, culture, and efficiency. Tell us about how these three topics work together. What's the virtuous cycle of having all these three initiatives working at the Bank like?

Alexsandro Broedel

Thank you, Renato. First, thanks for the question. I really think that it's very important to look at the regulatory, technological, and competitive challenges that the financial industry faces,

that the Bank faces. And the efficiency issue really gets inserted in a different way than it has been in the past in the Organization.

Today, efficiency really needs to be embedded in the organization's DNA. It can't be a specific program or a stand-alone initiative; it has to be something broader. And in our case, we have had a very active efficiency program since 2019. There are more than a thousand initiatives, thousands of people involved, really connecting the entire Bank. And it requires cultural transformation, it requires a culture of scarcity, it requires changing the way we think about the Bank.

So, I don't see how it would be possible to have a really effective efficiency program, without the Bank effectively undergoing a transformation and a cultural change. To think about being more agile, doing more with less, and sometimes doing less with less, streamlining processes, etc.

And technology is the way to make this happen. Without greater agility or without the evolution of our technology processes, we will not be able to go forward. And this includes cloud migration, process automation, and other processes.

As I said before, the Bank has had an efficiency program in place for some time now. There are many initiatives and many people involved. Since 2019, we generated, tracked, registered, and controlled more than R\$5 billion in efficiency at the Bank. So, I think these things are interconnected. I mean, a cultural change, focused on a more agile, more efficient, more client-centric Bank. Sometimes I'm asked: What is the relationship between efficiency and client-centricity? For me, it is total. They are two things that go together. Our program is not a cost-cutting program. Our program is a program to improve efficiency, which is a ratio between costs and expenses. In other words, the lower the better. So, I have to both maximize the client relationship and optimize revenue generation relationship for the Bank, and cut costs.

Poorly served clients will not generate a more efficient bank, because they will not want to relate with us in the intensity we would expect. Then I see these cultural issues, digital transformation issues and client centricity issues as totally intrinsic, connected to the efficiency discussion. For me it's all part of a whole.

Renato Lulia

It makes perfect sense and the results are here! The best efficiency rate in our history, at the end of the first quarter of 2023.

Alexsandro Broedel

We are quite satisfied with our result numbers, but I still think we have a lot of work to do. As I used to say: "pleased with the past and the present, and ambitious about the future."

Renato Lulia

As for the cultural aspect, Sergio will share it with us a little later on. But still regarding the digital aspect, which obviously comprises the use of data. And the use of data is key for many things, including the Bank's risk management, right Matias? Which is the department managed by Matias. Matias, please tell us what the Bank has been doing and what the Bank has been changing in terms of this risk management and data use?

Matias Granata

Thank you, Renato. When we think about this change that the bank has been doing, of how data has impacted risk management, the change is truly material. And risk management at the bank has always been very quantitative, we've always used a lot of data. This was true, especially for the financial risk areas, where it was easier to quantify things. So, for these areas in particular, what I think has happened mostly in the past few years, was a shift, almost an explosion in the amount of data that we have available to do risk management analysis.

For example, currently when we build a client's credit score, which will determine which offer they will receive, before that, we basically used master indicators and default history, and this was basically what the credit score of a particular client was.

Nowadays, we have variables such as relationships, how the clients browse, how they use social media, how they operate inside the bank, what restaurant they go to, where they usually are. And these variables have become much more relevant to explain what the credit status of a particular client is. And it's not just this higher amount of data that's messing with how risk management is quantitative or financial risk is determined. For example, on the market risk side, a while ago, maybe four, five years ago, we would measure risk of the desks that took more volatile positions once a day, and for those more structural exposures of the bank, once a week. Nowadays, for those riskier desks, we look at intraday risk and exposures that are generated in retail, which are more structured, we look at them every day.

This way, we haven't just increased the data amount; we handle about 15 times the amount of data that we had before, in addition to having greater availability and increased frequency of how we manage the most quantitative component. Just as important as this increase in the amount of data and its availability, there is a very strong cultural vision behind it, impacting not only financial risks, but also, in a very particular way, non-financial risks, non-financial risk management. What is this cultural vision? The use of data is embedded in our culture, but we have to practice more and more, even though it has become a reality in recent years. We no longer make any decisions without data. It wasn't necessarily a reality before, but today, if you make a decision, it doesn't matter if it's structural, a mid-term, long-term or tactical vision for daily operations, you need to have data to anchor your decision. And the risk management quality goes up a lot when you do that.

For example, the bank's operational risk is the risk used to manage operating issues that you may have or are having. If we go back two, three years ago, it was basically structural, used to monitor and map processes, identify weaknesses, handle issues that had happened, and from that we could anticipate what might happen there in the future.

We currently have a completely different approach. We use data from every transaction, extract outliers, which may be an indication of an issue, and dive in to operationally identifying what is not working. And this approach is completely new and it's a huge satisfaction to see teams that are used to having a non-quantitative, non-data approach, greatly increase their performance, their coverage capacity, and the ability to do a lot more with a lot less, because you haven't become dependent on the size of the team that you have. It has a lot more to do with the data you have and your ability to analyze it. Data has been and will continue to be a revolution, I think that in risk management we are just starting to capture the gains, especially in non-financial risks, and what lies ahead gives us a concrete ambition of everything that we can achieve in short term using more and more data.

Renato Lulia

Very cool. You've also mentioned efficiency that we were discussing with Alessandro earlier, which is the issue of being able to do more and more with data, more analysis...

Matias Granata

That's what Alessandro says. If you think of efficiency simply as an exercise of cutting costs, it is not sustainable. It needs to be part of our daily activities, because in addition to getting results, it will be done in a sustainable way.

So, there's no point for you to get a one-off efficiency gain, especially in risk management, which causes you to need to go back two years, because it created a certain problem. And it's all interrelated, it's part of our culture, which is the main driver, but it drives the practices that we want for now and for the future.

Renato Lulia

Really nice! Thanks, Matias. And I will also stay on this topic. Next question is for Vita, to talk about the impact of the cultural and digital transformation that Alessandro talked a little bit about, and what Matias also brought about in the departments that are under his management, and also by addressing that angle that Alessandro addressed about of how this impacts the life of our clients, which is, in essence, why we are here today.

José Vita

Thank you for your question, Renato. It's a pleasure to be here with you. I really think that digital transformation is well embedded in our culture, and we have been pursuing it to make it happen in all our departments, in all of our business activities.

When we think about the Legal department, for example, we can think about digital transformation, both as regards litigation—and I think you all know that litigation in Brazil is mass litigation, it's litigation in bulk and, therefore, litigation very prone to be addressed with

data and in the back-office side. In this case, more directly, affecting the life of our clients and our business.

When we talk about litigation, for example, we have been on a ten-year journey of digitalization of litigation. So, we have started the process of automation and currently we are already experimenting and it is already a reality that we work with data and artificial intelligence. So, to give you some references, we have, more or less, 70,000 documents per month that are read, interpreted, and classified 100% by artificial intelligence. This does not depend on human review.

Let's not forget that a legal document is an unstructured document, each lawyer has his own way of writing a petition and each judge has his own way of writing a sentence. For example, it's different from a check, which is totally formulaic.

So, this was a great challenge, to be able to reach this point. And today, our assertiveness in this type of reading is higher than 99%.

And our next frontier, which we are already exploring, is reading and understanding sentences. Currently, 7,000 sentences per month, more or less, are machine read and interpreted. The machine can tell us if we won or lost, what we won or lost and why, what's the reason for our victory or defeat.

What does this do at the end of the day?! We can anticipate litigation movements, we can have outlier alerts, as Matias mentioned here, to assess risk. So, we can see that we have an upward trend in inflows in a certain place or more expensive sentences and convictions somewhere else, concentrations by region, by subject, by judge.

Our response can be more timely and more assertive and this ends up resulting in decreasing average costs in our litigation, both in civil or labor litigation.

And when we talk about business, we (the legal area) have been working hard together with the front office to become a facilitator, a hiring enabler, especially in terms digitalizing our hiring procedures. Today we have more than 150,000 contracts signed electronically. When we go to the retail World, we have large operations such as payroll loans and vehicles, with all contracts signed using biometrics. So, despite the fact that we still have a very big challenge in terms of fraud and electronic scams here in Brazil, this provides a lot more security.

Also to give a reference, digitalization not only makes the client's life easier, but it increases security so much that we've reduced objections to contracts and transactions from clients by 60 percent, when we compare the transactions using biometrics and digital signature with transactions made on paper.

So, in line with what everyone is saying, I think that the digital transformation, the digital culture is something that it's really becoming part of the teams' daily routine, allowing us to expand our boundaries and increase our efficiency in all operations, and more convenience and security for our clients.

Matias Granata

This number that Vita mentioned about artificial intelligence and how it helps not to freeze documents. I'll give you a number that will impress you. Do you know how many city, state or

federal statutes are enacted every year that might affect the bank? Sixty thousand laws, decrees and regulations.

The compliance team had to go through the sixty thousand statutes and assess the Bank's impact, and to what extent they made or did not make sense. Today, the first screening is entirely done by artificial intelligence algorithms. We have not yet reached the 99% efficiency that Vita mentioned in the litigation part, but we are already at 60% and improving the models all the time.

In terms of leverage and efficiency, this is amazing, compared to what we were able to do two or three years ago. And these statutes that today number 60 thousand, last year numbered 50 thousand, and we estimate that next year they will be 70 thousand. It only grows, so we have a challenge in our hands, but we also have the tools.

Renato Lulia

Excellent example, Matias. Thank you.

We've talked a lot about digital and I am getting to Sergio now, to talk about the digital aspect too but also about what's behind it. I think that it's no use having the best systems in the world, having the fastest computers on the planet, if the culture behind these systems is not the right culture.

Sérgio, tell us a little bit about how our culture is developing; we talked a little bit about this, the launching was basically at this time last year. Tell us how this journey is evolving and what we can expect from it.

Sergio Fajerman

Excellent Renato. First, I couldn't help noticing and, I was very glad, that all my colleagues here, are talking about culture, when answering your questions.

Thank you very much! It's really cool to see the CFO, the CRO, our head of Legal talking so at ease, about the importance of culture. And I think that this component is key for our journey.

When we think about digital transformation, the first thing I think about are systems and technology platforms, about bringing our systems to the cloud, and really that's a very important side. But over time we realized that such an important component has a cultural side to it. Now, before talking about culture, it's also important to bring a core element, which is the client.

Digital transformation is about the client, responding quickly to their needs. To do this, we need to modernize our platforms, change the way we organize, and we need to change the mindset and culture at the end of the day. And it has been very interesting to watch this entire process. I think the launch of our culture in the past was a success. And here I'd like to highlight some key points that have to do directly with digital transformation and with the client.

For example, what Vita said about some components that help making opening an account easier, the subscription of a product, have everything to do with the client's culture. Simplification is part of our culture and it's client-focused. When we talk about innovation, we mean innovating based on the client's need.

The client is always at the center and the way we work and act within the organization has to reflect this. So, when we said that we don't know everything, Matias gave an example of how we use data to make the best decisions. Since we don't know everything, then we have to look very closely into data. Before, it was very much like: "I think that...", but now it's the result of a lot of analysis. It's having the humility to look at competitors, to look at what's happening in the market, and talking to the client directly. This is why we have our communities. We are already almost 20,000 people working on this model, with more autonomy. Knowing how to work independently has also entered our culture.

Note that all these components are connected with the digital transformation, which targets, as I said before, the client. Then, over time we realized that cultural transformation was absolutely critical to the success of digital transformation. As we've learned from talking with investors and various stakeholders, this seemed like a challenge for a bank.

Our bank is almost 100 years old; it needs to be more modern. And I think we've managed to combine very well also our tradition, strength, and soundness with these more contemporary issues. This is also exemplified by the fact that culture consists of six fields and three of them were already here: ethics, client, and earnings.

And we've incorporated the other three, which I think are here to complement and bring many of these contemporary elements, which is we don't have all the answers, we have each other's back and we value diversity and inclusion. I think it's a great reflection of the bank's tradition, of what brought us here, with the elements that we need for the next 100 years, for us to be as successful.

And I really think we're being a very successful in our current journey, which is just beginning. In other words, it never ends. We can never get too comfortable.

Renato Lulia

The impacts of the new culture on the Bank's daily activities are already visible. We are living this new culture. We feel its positive impacts. I would like to come back, Matias, with you, to a topic we've talked about. We've talked about clients, we've talked about digital transformation and, obviously, most of the digitalization of the Bank, of our clients, is positive, but we know that there are some downsides to it, and one of them is fraud.

We have seen, then, in certain transactions and products, an increase in fraud as clients become increasingly digital. Bearing this in mind, Matias, the digital side, but also with a focus on the client and culture, tell us what we have been doing in this journey, to help clients, to make their journey more secure, but without losing flexibility and without losing agility.

Matias Granata

Perfect! When I think about non-financial risks, maybe that's one of the biggest challenges we have today. And again, no dichotomy. To talk about fraud, is to talk about protecting the client in the digital realm, it's to talk about the client. Because more and more the client chooses to relate to us digitally.

Since the pandemic, this adoption of digital channels has been happening very quick. And I think risk awareness hasn't developed as fast as the adoption of digital channels. A digital channel is fantastic for those who use it. You have the bank in your pocket, you have the bank on your cellphone.

Now, little by little, society is becoming aware of the risks that using digital channels brings. Because in the same way that our clients moved toward digital channels, so have the criminals. Today, a criminal put most of their energy into fraud and scams. Everyone knows someone who has been a victim of fraud or a scam. And what has the bank been doing to work together with our clients and mitigate these risks?

The bank basically works on two pillars. First, technology, tools and everything we can bring from technological innovation to prevent fraud and scams, and I think we've already made a big breakthrough. And to give an example of this, we did a roll-out about a year and a half ago of facial biometrics for all digital mobile channels and the beauty of the facial biometrics tool is that it is very sophisticated, but for the client it is very simple. You simply point the phone at your face and the level of accuracy to know that it's you who is there on the other side is much higher than when we use a fingerprint, it's much higher than when we use other methods to try to authenticate the client, such as a password or a username or number.

So that's the essence of the technology that we need to bring here. A lot of sophistication, a lot of technology, but it also needs to be transparent and easy for the client to use. And facial biometrics have had very major improvements. But it's not just that.

Another thing we've been doing a lot is raising awareness, educate, help, and we're doing it in a lot of ways. We are more careful with our clients, whether by using instant messaging about transactions, by text message or WhatsApp itself, which we use a lot. We are present on social media, using influencers to convey important messages. All of you must have seen our campaigns in prime time, which before were only used to bring business and commercial proposals, but now we use them more to help our clients.

Sergio, who has now gone on to lead the Marketing department, helps us a lot, not only by taking the awareness campaigns to prime-time television, in the middle of soap operas or in the middle of the news, to explain how scams work, how frauds work. The moment we make the population aware of one type of scam, criminals create a new type of scam and so on. So, we need to be talking all the time to our clients and explaining what's happening. And the beauty of all this, which captures a little bit of the essence of what Sergio just talked about, is building things together with our clients. If you look into our campaign, it has two characteristics: it uses generic phrases and does not speak only about Itaú. "No bank will ever ask you to reveal your password." "No bank is going to ask you to make a transaction." That does not mean Itaú won't ask you. Itaú is bringing the industry vision. And at the same time, we end up with the slogan "together we protect ourselves better." In the sense of: we provide

you the information, we make you aware, we help you understand what's going on, but you also have to help us protect ourselves better.

This is the essence of what we want to accomplish. It's not much different from all from the other points my colleagues have brought up here, regarding all the other questions you've asked. It's technology and it's culture. It's technology and it's awareness. That's the answer to any question you might ask here. That's how we're working within the bank. Any challenge posed to us is always going to have a technology component and it's always going to have a very important culture component.

Renato Lulia

Client-centricity all the way, right Matias? Wonderful! I have been getting questions, we've received more than 100 questions that have come in via our different channels. I'm trying to gather some of them here, to finally get them to you. And, this is why I will come back to you, Sergio. A question about diversity.

Diversity is one of the topics of our culture, a core topic in our culture. I would like you to tell us, Sergio, how the Bank is addressing the issue of diversity and inclusion. What we have already done, where we have gotten to. In your view, what are the big challenges ahead?

Sergio Fajerman

Great! First, here's a cool story that also reflects the new times of our culture, when we say that we don't know everything. When we launched the culture, we said we wanted diversity. Then, we went to study to have a better grasp on the topic, we brought in experts and, during a live session, we realized that in fact the subject should be diversity and inclusion.

We had just launched the culture. And it was during this live session, while exchanging messages with the people involved, that we decided let's change to "we want diversity and inclusion". And we did it, we changed on the spot, because it reflects a little bit of our footprint of always learning, always keep moving ahead. And we corrected that issue.

And I think diversity and inclusion is a topic that's here to stay. It is a topic concerning all companies and society in general. Several countries are facing this issue. It is a topic that is not that simple, because it requires moving from small changes to a greater literacy. It's people learning certain things that, for years, they didn't know, to deeper changes, both in society and in the organization itself.

And in 2021, we publicly stated some goals. I think this was very important. Do not forget that our goal is to have between 35 and 40 percent of women in leadership positions by 2025. We want to have between 27 and 30 percent of black people in our organization, also by 2025.

We also have hiring goals. We want to hire 50 percent women for all the vacancies we are currently looking to fill and 40 percent black people. Because we think that by taking care of hiring, we are planting the future here. So, we have these two stages that we're looking at.

We have several actions. For example, the succession committee, which decides who should fill senior leadership positions, has to interview a woman, has to have a woman in the list of candidates.

And this is but one example of what has helped a lot. We're evolving a lot. To give you an idea, we have 34.6 percent, almost 35 percent, of women in senior leadership. We're already getting to the floor of our goal. As regards black employees, we're at 26.7 percent, it was the last figure I saw, and again, very close to the midpoint of our target.

We'll get there in terms of hirings. We're already hiring 50 percent women and we're already hiring 40 percent black people. I think that we're doing it very consistently, with no shortcuts, because we want it to be consistent, we want the goals that we've set to be sustainable. We're moving forward, and very importantly, there's a lot of reasons for doing that.

First, because I think, we think, it's the right thing to do. We have to look into that. Perhaps, over many years, we have not paid enough attention to this issue. So, I think, as an organization, as a society, that's the right thing to do. Second, Matias was setting the example of this security campaign that we conducted.

And thanks for mentioning it, the Marketing team will be very happy to hear you say it. But we deal with a very diverse audience. Imagine explaining an issue like fraud or security, to the general public, to Brazilian people in general, who come different backgrounds and age groups. There are people who are more technology savvy and others less.

It's very important that we have these diversity of backgrounds and thought. Because, otherwise, just as an example, we would run the risk of looking at a campaign like this from one angle only and leaving other issues out. That's a small example, but really, that's what I wanted to leave you with, very strongly.

This is not theoretical. In fact, we see this in several examples that we have within the organization. When a different point of view, from people who have had different life stories, makes our products better, our communication with clients gets better. So, these are very concrete examples. It's an issue that's here to stay.

We're very serious about it, with a very strong intentionality behind it. We have stated goals and we want to do this very strongly, but in a very sustainable way. I think that's what's important. We do not believe in taking shortcuts on this issue.

Alexsandro Broedel

Speaking as a manager now, about my specific department, the support that the Personnel department has given us is very important, enabling us to make and to transform ideas into reality. As Sergio said, sometimes we do not know how to act or how to structure the attraction and retention process. There is no point in hiring people in and not retaining them.

So, the Personnel department is well structured and has been helping us because we don't know everything, and in terms of diversity nobody knows everything. But we have evolved well in the sense that we are making our processes work. And I have felt this very much on a daily basis.

Matias Granata

If there is any doubt about our focus and the energy we are putting towards reaching this goal, I think about the accuracy of Sergio's number, withing the decimal point, which proves it.

Sergio Fajerman

We do look at diversity. I think every week, every decimal case. We are an organization, a bank of almost 100,000 people. We rely only on change, on the monthly turnover, to be able to change the bank's demographics as a whole. This is a challenge that tells us that we have to make this change, at this pace that we are doing it.

Renato Lulia

That's a great point, because 1% 2% is a thousand, 2,000 people.

Sergio Fajerman

Yes, the difference between those who leave and those who join us. That's why Itaú's figures are huge.

Matias Granata

And there's the case for talent as well. I am convinced that talent is regularly distributed in society. If we close ourselves off to certain populations or don't show that we are open to them, that we're not being inclusive so that they want to come and work with us, we are closing ourselves off to talent. I think in the past, a long time ago, there were those filters in diversity hires and today what we get by dropping those criteria, to me, is huge in terms of the talent that we are able to attract.

Sergio Fajerman

We had to show ourselves more to people. Because after many years of certain groups not joining the bank, a lot of people started thinking, this is not for me. So, the bank had to go after them, it had to show itself more to a lot of different groups. And I think it's been a fantastic experience. And I agree with you. Currently, in our opinion, this is very clear to the bank: meritocracy increases when we grow our range, increase our search. So, like I said, it's the right thing to do, it's the best thing for the clients, it's the best thing for the bank. At the end of the day, it's better for society as a whole. We believe it a lot.

Renato Lulia

Perfect. So, to end our panel, I want to ask one last question. You said that diversity and inclusion, in addition to being a good business for the Bank, which we all agree it is, is also the

right thing to do. This reminds me of ESG. So, I'd like to end this last panel with a question, both to Vita and Broedel, about ESG.

You look after topics of the ESG agenda. Tell us a little bit about that, Vita and Broedel. What have you been doing? What are the challenges and the main ESG initiatives under your management?

Alexsandro Broedel

I can start! The first aspect of the ESG and sustainability agenda, in a broader way, is that in the financial industry we establish long-term relationships, not only with our shareholders, but also with our clients. We have clients who consume products and services that materialize over decades.

So, in my view, sustainability and ESG in the financial industry are something absolutely essential, fundamental, "sine qua non". You can't talk about a financial institution without talking about sustainability. And I think this is absolutely embedded. And at Itaú, we make sure to embed this topic of sustainability into our business model.

Sustainability can be, and sometimes is seen as, an exercise in compliance. "I comply with the TCFD requirement," "I comply with the SASB requirements," or "I comply with the requirements of the, now, IFRS Foundation," or whatever. We are on a path of embedding sustainability into the business model. And this materializes in several ways. This materializes in the action that, for example, we take with medium-sized and large companies, to help them transform themselves. Our officers today act as consultants to these companies, helping them in their transformation. When I help a company in a transformation process to a different carbon level, what am I doing to help? Promoting sustainability of my relationship with such company, that could be harmed in the long run. So, when we talk about the environmental aspect, this becomes quite apparent.

The diversity issue, for example, which is another element, is also addressed in the same way. I agree with what has been said here by my colleagues, that when I have a hiring process that targets a smaller portion of society, which is where companies usually look for professionals, I could be undermining the sustainability of the Bank in the medium and long term, because I won't be able to attract the best talent, I won't be able to attract the best people.}I would be really exposed to this risk.

And governance, without a shadow of a doubt, is a key element of ensuring accountability, ensuring that our processes are correct. This is unquestionably entrenched in our business. Itaú has a tradition of being a governance bank, this is very important.

Speaking about the Finance department, we try to ensure that our reports are as transparent as possible. We are proud of often winning awards regarding reporting, not for winning the award, but for ensuring that we have a level of transparency that is perceived by the market, that investors perceive as something positive.

So, I see the topic of sustainability in the Bank in its different dimensions - we use the acronym ESG for short - but all embedded in the Bank's business model. In other words, we see it as something fundamental for the Bank to prosper. And, in my opinion, compliance is only a minor element. We are discussing diversity here, discussing environmental issues. We will see

that this is, in fact, part of the Bank's history in its first 100 years and it will continue to be in the next 100 years, as Sergio reminded us.

José Vita

Taking up Broedel's point of view on the issue of embedding sustainability into the business, we also made an important change in the management of our climate agenda, which previously reported to an institutional area, which was Leila's department, who I succeeded on the Executive Committee. Climate issues are now reported to Flavio, who is our Head of Wholesale Banking. We need to ensure that we comply with the the climate transformation agenda, Net Zero, and we've embedded it in the context of our relationship with our clients.

And if we look at the sustainability from another standpoint, which is the social aspect of ESG, we are known for supporting and promoting several social initiatives. I will mention a few here, for example: at the end of last year, we launched a university scholarship program for black students, seeking to encourage and support those who go to university and need a scholarship to be able to stay in the university. We conducted a pilot program with University of São Paulo (USP), once we already had a pilot project, and we conducted the program to expand this project. We already have expanded it to six other universities, with outstanding results. By measuring the performance of the scholarship students, we see that even though their performance was lower than the other students at the beginning, they surpass them in the end. This fact is very interesting, when you look into the school performance of a person that receives the scholarship.

We have a project, perhaps the most visible in this field today, which is our urban mobility project, the Itaú bike project. We continue investing heavily in this project by expanding it to other countries, and we are even present in Chile with this bike project.

We have been able to provide support during the last disaster that happened on the northern coast of São Paulo. Fortunately, we have our summer camp in São Sebastião, the region where the disaster happened. We were able to shelter 80 families who had become homeless because of the disaster for almost two months in our summer camp.

So, the social aspect is a very important agenda for us and one that we try to push all the time.

And to finish up, Alessandro, on the governance aspect, you provided good insights into our governance with investors. But our corporate governance is also very strong, it is rooted in our way of doing business, in our way of making decisions, to actually ensure accountability, to ensure that the best decision is made all the time.

So, I think this is it. As Alessandro said, and he summarized it very well, ESG is in fact ingrained in us and is part of our way of doing business.

Alessandro Broedel

When you look at the Bank's internal governance, which people see less, the involvement of the Board of Directors, the Executive Committee, and the other governance bodies, we have the regulatory issues as a reference. But we go far beyond that.

We have been disclosing integrated reports since 2016, long before this issue was even considered by any regulatory body. So, we see this issue, both internally and externally, as a reference, but what we really want is to be a benchmark in terms of governance issue.

Sérgio Fajerman

While on the subject, I can't help but comment. We talk about culture, which is the ultimate representation of what we believe, the way we act. When we talk about earnings, that we are driven by earnings, which has been a hallmark of the bank for many years, we talk about sustainable growth and, ultimately, we end up saying that to be an ituber is to generate a positive impact for society.

I mean, that's part of the culture in earnings territory. I think this sums up a little bit the speech of Broedel and of Vita. I think it gives an interesting closure here.

Renato Lulia

I couldn't think of a better line to close our panel, thank you. And with this, then, we close this first panel.

Thank you very much for your attendance. There is much more ahead, we are just starting the day. While the executives of the next panel get ready, we are going to show here a commercial that shows the Itaú Shop, which is an online store within the Itaú app.

Everyone, thank you once again.

Panel: Individuals

Renato Lulia

I can see from here that our executives are already prepared for our next conversation. And the topic of this second panel is the Individuals' segment, Service, and Operations. So, please come on to the stage Vanzo, Zancani, Marina, and Constantini. Welcome!

Carlos Vanzo is responsible for Retail Banking and Insurance; Marina Bellini is in charge of Operations; Alexandre Zancani is the leader of the Retail Banking Products and Credit areas. And Carlos Constantini is the head of Wealth Management and Services at Itaú Unibanco

Thank you all, and let's go straight to the first question in this second panel of our Itaú Day. Let me just remind you that as we've received many questions during Itaú Day, we'll try to consolidate common topics and cover as many questions as possible during our chat.

And the first question couldn't be any other, so let's talk about clients, more specifically about client-centricity. I think this question applies to the entire panel, since it's about actions that guide our pursuit of client-centricity. Over the years we've seen a significant improvement in

the bank's NPS, and much has been done to improve customer satisfaction across different channels and products. So, asking the whole group, can you outline, in your departments, what are the main actions and main projects that have guided our relentless pursuit of client centricity?

Vanzo, can I start with you?

Carlos Vanzo

Let's go! Thanks for this great question. It's awesome to be here with you all. Client-centricity is a strategic and cultural pillar of our bank. This is what drives all businesses. This is what guides our discussions, our investments, our priorities. And also our client base, a base of millions of clients.

Knowing each and every client in depth, each and every group of clients, has become paramount. Because behaviors and needs have changed significantly, it's important for us to know the client's moment in life, so that these changes become a way of meeting their needs.

Today clients are much more digital-minded. And we need to understand this new context and provide them with full services. On the subject of projects and understanding these complex needs, since 2020 we've been striving to think about and organize our strategy to serve clients in the best way possible. We've already talked about our big project centred on transformation, iVarejo.

iVarejo focused on addressing satisfaction, our client experience and how we related to them. Our ambition, right now, has always been to be a phygital bank, taking advantage of both digital and physical elements, bringing the best of both worlds to the client, and at the same time ensuring a key feature: the decision is up to the client. How they want to be served, when they want to be served, and the best way to do so.

Adding this element to the client relations is key, since this goes beyond the transactional and conventional product, a mere day-to-day service. This is about a much more specialized model, which adds a very complex ecosystem into the service process. This channel integration is key for us to be able to meet our clients' expectations.

When I talk about this complexity and model variables, I'm referring to our traditional branches, which can be broken down into hubs and satellites. However, we always have to think about the specific market, the type of client. We have to think about our environments at Itaú, which are less transactional and more business-focused. Thinking about our digital branches, which have an efficient model, with some very suitable tooling to ensure proximity and simultaneously bring the possibility of a flexible service: service hours, WhatsApp, telephone lines, and other tools demanded from clients. We have all this in addition to service centers and digital channels, which complement all this service dynamics.

Last year we teamed up with Constantini's department and launched the Investment Center, a solution dedicated to our high-income clients in which the main objective is not transactional but rather offering advisory services. It will be mainly dedicated not only to advising on investments, but also to providing foreign exchange, credit cards, insurance, and other solutions. It is a team of specialists available to serve our clients however and wherever the latter so want.

And, to support it all, I couldn't fail to mention our commercial team, a team of investment and insurance specialists, well-trained and with a profile suited to the moment, who complement this entire ecosystem and bring important balance to this service, respecting characteristics according to the client's profile and their needs.

It's such balance, between satisfaction and efficiency, which I wanted to bring to you here. It is something very important. To achieve such balance, we need innovation and technology. We currently operate in a much more agile and dynamic way as a community, where we are able to constantly deliver value to our clients. This is perceived on a daily basis by our clients.

We cannot think of offering all products to all clients. Understanding the client's needs is paramount. Zancani will later speak with much more authority about this point, but I can bring forward the point that it's crucial to understand the groups and their needs, define the value proposal for each group, for each type of client, in a customized and organized way, and bring an integrated vision.

Again, it is no longer about a product view, it is a need view, with the objective of bringing the client view as a whole and ensure a contextualized approach. The top objective of this all is to bring engagement and principality. I'm talking about NOM, the new operating model. We are very proud of it. Both the Executive Committee and the departments contributed greatly so we were able to design this new model.

In the end, what we need to bring to our clients is easy-to-use solutions and outstanding experiences. Zancani will now bring other elements that can complement this entire dynamic I've been talking about so far.

Alexandre Zancani

Awesome, Vanzo. How proud we are to listen to this whole journey we've pursued over the last few years.

Talking about both the past and the future, it's worth reinforcing one of the issues Vanzo has commented on and that we've discussed in several of our meetings: it's how Product departments have been organized over the last few years with the change to the communities model.

I understand that one of the great advances we've had was to break down functional silos. We were organized in general departments, such as products, technology, marketing. However, the community model focuses on bringing client-centricity to our main objective. Therefore, communities are the combination of different functional departments, such as Products, Technology, Data, CRM, UX, towards a common objective: to meet a certain client need.

We have teams that are constantly talking to our clients to understand their issues and needs and to bring solutions with agility unimaginable a few years ago. So I understand that this was an extraordinary advance.

It's important to highlight that besides the focus on meeting the client's needs, there is also all the investments on and around the platforms that meet these needs.

The upgrade in our platforms has advanced at an impressive pace, bringing benefits in terms of cost, scale, and timeliness, when it comes to having an idea, identifying an opportunity and implementing it. As our main objective is to meet the client's needs, innovation is constantly tested.

We came from a format where we had great ideas, which were then placed in a queue in product engineering and only later would we understand what was happening, to a trial and test model now, where we are able to observe client reactions and make continuous solution improvements. To this end, we need to capture data on client behavior and needs to improve day-to-day solutions.

Now, talking about the future and highlighting another issue that Vanzo has commented on, we have this new operating model, which is our new form of organization, from the Executive Committee to the different business areas. It is focused on organizing the bank according to clients' needs and around segments and public profiles with specific needs.

This breaks down another type of barrier, which was the existence of different business areas. The bank has been operating for a long time on different fronts and business, called monoliner businesses, such as our card unit with Itaucard and Itaúcred in the vehicle business line. Even though this business format has always been a powerhouse for Itaú, many of these areas and business had a purpose of their own within their own business. With the new operating model, and the creation of the Individuals business unit, which is led by Vanzo and myself, we now have an end-to-end view of the client's needs. Therefore, we have the beginning of the relationship when we strive to provide the client with what they need. However, meeting this need is not an end in itself. We have a broad view of the client's lifecycle, in which we try to identify their next need, which may be something else they need, or achieve increasing engagement.

Carlos Constantini

Zancani, if you allow me, it would be very interesting to hear about how this story evolved and the previous way of doing business in what seems the distant past. It's very hard to think about going back to that business model. The new way is an evolution but one that is happening at such a fast pace that it clearly seems that the previous model will become obsolete very quickly.

Because client-centricity is undoubtedly a connecting thread of our decision-making. I believe that, just as you commented on the increase of our NPS, Wealth Management Services were not an exception.

Our overall NPS in investments increased by 18 points in just two years. And I get the impression that, echoing what you two said and I'm sure Marina will tell us that as well, this connecting thread is the main reason for this increase. Because we have been genuinely concerned in addressing and acting on the issues that really matter to our clients.

So, we can use any example to this regard, and I'm thinking here about the incentives model for the Íon experts. An Íon expert is an investment advisor. They don't earn more if they sell a product that yields higher for the bank, and they don't earn more if they capture another

higher-margin product. They earn more when the client earns more because at that moment of the transaction there is nothing more important to the client than that.

I believe that the digital experience that we have built in the super-app or the Íon, which are the two digital investment experiences, is based on the same thing, which is to identify pain points that are important to the client, eliminate those pains, and anticipate needs by offering what the client might require. The development of our broker, which has been doubling in size every year, as it doubled last year and is doubling again this year, is due to anticipating the necessities of clients and offering what the client needs.

The on-shore and off-shore Integrated Global Private offer was built this way; because that is how the clients see themselves. Clients see themselves as a global portfolio. They hold positions here but also positions offshore. It is much better for a client to be able to talk to only one banker, to look at the entire portfolio allocation, in a practical way, not to a bank responsible for onshore and another bank responsible for offshore portfolio.

This, by the way, has been also very well rated by our client base. It's not just in the way of serving clients or in the way of offering the service. The very definition of departments, the design of the departments follows this logic. Think of Itaú Asset, for example. It's the largest private asset manager in Brazil, comfortably in a leadership position with R\$1 trillion in assets under management, and it could have just stayed there in its leadership position. However, we've basically completely overhauled Asset Management in recent years. Currently we basically have four Asset Managers within one. A core asset area, which handles traditional products, beta products, benchmarked products and credit products –which, by the way, are highly valued – has the size and the strength to be able to pursue the best for its clients. But we also have a multi-asset manager, which we recently created and is already the market leader, by bringing products with an absolute return. We recently created an Asset Solutions area, which has customized models for corporate, institutional and individual clients, in addition to our fund of funds, which has been synonymous with open architecture in Brazil, since 1997. It was the area responsible for bringing in open architecture, a fully open platform, to Brazil.

And I think the same can be said of our M&A initiatives. I could go on and on about these initiatives. The acquisition of Ideal aimed to bring a digital broker into our ecosystem. More recently, we acquired Avenue to democratize access to investments abroad. We also ventured into financial intelligence, with the creation of *Inteligência Financeira* to allow us to be able to offer content, which key in the investment world. Content is part of the investment ecosystem.

And I think it would be really good to hear from Marina, because obviously none of this stands if we don't have the bank's support and the back-office functions to make it work this way.

Marina Bellini

Very nice to hear you three telling this story. I joined Itaú not so long ago, but I'm very proud to see how the client journey is a priority in everything we do. We think about the client's pain, the opportunity, the best solution for the client all the time. We can summarize this in three major levers that we have been using and should keep using more in the future, which are deliverables and plans to continue improving client's experience. The first lever is data,

analytics, and artificial intelligence, the second covers streamlining and digitalization, and the third lever, which Vanzo mentioned on a lot, refers to a multichannel experience as a way to be where the client wants us to be, at the time they want to so we are able to meet their needs, which challenges us to provide the best service. Some examples will help us concretize this story in the different business areas.

For example, how can we use data in a painful journey, such as in the event of a fraud or scam? In cards alone we make 300 million authorizations per month. Using online data, we are able to identify 500 thousand suspicious transactions and immediately ask clients whether they are legitimate or not. This resulted in a seven-point increase of our NPS in a painful transaction for the client.

Another moment of pain is when you need to file an insurance claim for theft or a natural disaster. What do we have to do? Simplify the process for the client. We shouldn't ask the client for a document that we are able to source elsewhere, we should do everything possible so that the client does not have to contact us, because they have other more important things to take care of. This resulted in a 25-point NPS score for that journey.

Talking about client service, we have 200 million interactions with our clients in the Call Center and our goal is for this service to be perfect. In other words, whatever the client needs from us, we can do. Using the full data from this monitoring and transcription we can make corrections before the client even realizes that an action has not yet taken place. Again, a four-point NPS growth.

We talked about data. Now let's talk about digitization. The three of us here shared examples of the focus we have on using cutting-edge technology. Let's talk about our client's dream of owning a car. What happens currently? 70% of auto-loan transactions are completed in 1 minute. Imagine that! We can read all those data distributed all around in a seamless way for the client.

The same is true regarding the dream of homeownership. Currently we can receive all the documents and have all communication with notary's offices digitally. More than 90% of the process is made digitally from start to finish. Using technology, making the client's life easier.

The dream of increasing assets, which Consta talked about, to have our individual clients, from any segment, managing their own investments. In just four clicks, we open an account at the Broker for Itaú accountholders.

Finally, let's talk about the Companies and the wholesale segment. This segment is made up of large companies that conduct intricate transactions. Currently, more than 30% of our accounts are opened on the same day. An NPS of 80! It's almost unimaginable, and cost-effective.

As we have mentioned earlier, it is the balance between technology and efficiency that will allow us to continue investing in the phygital experience, that is, a solution available in any channel the client wishes to communicate with us. Whether in the brick-and-mortar branch, a digital branch, on social media, on WhatsApp, on the internet, or on the phone, via partners – wherever it is. Our future is to continue using more and more real-time data for instant, smart transactions, while delivering what the client wants.

We want to free up the time of our team to always be more available and provide more customized service for all our clients. That's the journey we're following and we believe we can do and deliver a lot of the cool stuff because there's already a lot of cool stuff that's been delivered.

Renato Lulia

Perfect, thank you, Marina! It's fantastic to see, summed up in this chat, how much has already been done and how much we still have to do, besides everyone's passion to proceed on this journey.

Still on this topic, we have this conviction within Itaú that it is only good for the bank if it is good for the client. So we have no doubt that this client-centricity journey should also improve the bank's performance.

And giving the floor to Vanzo once again, I'd like you to comment on how we hope that all of these actions discussed so far will be reflected in more sustainable and better results for the bank over time.

Carlos Vanzo

Good, Renato, thank you. It's great to see all this passion and positivity from you, Zancani, Constantini and Marina. As I've mentioned earlier, engagement and ownership are key elements of our strategy.

Our ability to generate results is directly related to our ability to have the so-called customer principality. It's a totally direct relationship. And more engaged customers generate more results.

When we look at net revenue, less cost of credit, we are talking about ten times more and when we think about churn, it's four times less. When it comes to NPS, when we compare engaged and non-engaged clients, where we either have customer principality or not, these are eight points more.

This is indeed a proven winning strategy, as we've already seen in our results. This is where we are directing our efforts. Engaged clients grow consistently across all segments: low-income clients, Itaú Branches, Uniclass, middle-income, Personnalité and credit-card clients. We see engagement levels growing across all segments. The focus is on improving this relationship, not only through new clients, but also by taking advantage of all the knowledge we've already had from the existing client base.

So many clients have a partial relationship, a small relationship with the bank. Our idea is that, through enhanced knowledge, data and information, we'll be able to achieve improved results, delivering value to our clients.

I'll give you an example about Itaú Personnalité. Early this year we launched the new Personnalité, which is our high-income segment.

We teamed up with the departments led by Zancani, Constantini and Marina and had many discussions. With every change we make, we try to listen to our clients beforehand. This is non-negotiable. Being able to identify the issue, the opportunity, the need. We've done so in three key topics.

The first one is the service model. A high-income client has a need for investments, for knowledge, for support. The second topic concerns our client view solutions. That is, solutions no longer from the specific product view, but rather trying to serve the client in a more organized way. And the third one is the focus, always looking for experience and need. This set of things.

We've had responses to a number of these elements here. However, we saw that opportunities abound for investments, insurance and credit cards, with needs that we can somehow meet. It's through the new model that we've organized the entire Personnalité ecosystem to ensure this service is provided. We've already seen in the last periods under analysis a growth of 11 points in the NPS of Personnalité.

We've already started our review of the middle-income client segment. This is a larger, more heterogeneous group of clients, but which also poses great opportunities. It has great potential, both here at the bank and in the market, and we are greatly striving to bring a model as efficient and powerful as the one for the high-income segment. What we expect with this strategy is an increasingly consistent growth in our principality. We'll have a sustainable result over time. Since principality brings a long-term relationship, a more consistent NPS, it promotes our brand, as I've said.

I talked about Uniclass and Personnalité, and I also wanted to bring an example of the Insurance business. Marina has already commented that we've greatly improved the issue concerning claims by reducing the required amount of information and documents. Previously an operation that lacked growth, now it has greatly improved, up 40% in the last two years, increasing our market share. This result was driven by some factors: specialized sales, for example. Like in investments, this is a very significant factor for the insurance business. Some products are simple, others are complex and need to be better explained to our clients. Modular products and digital channels have recorded very strong growth as well: 60% growth in digital channels. Look at the point of attention brought by Marina, which shows our concern for clients.

Renato Lulia

Vanzo, thank you very much! I'd like to continue on this topic, because we see opportunities arising in different segments and we've had plenty of questions from investors about growth. The bank already has a significant share in almost all sectors it operates in, so the question always arises: what else has to be done? What are the opportunities? In what segments can we grow? I'd like to bring this question to you, Zancani. Looking at needs and products, where do you see great opportunities and growth paths that the bank may have, especially in the individuals segment?

Alexandre Zancani

Well, Lulia, I'll answer it by complementing what Vanzo has said. Sometimes people ask us: "Isn't Itaú too big already? Do we still have opportunities to grow, since we already have a significant leading role in several businesses? Or it really about a question of profitability?".

I understand that this depends a lot on how you see growth. We really have a very expressive client base in the most different market segments and in the most different regions of Brazil. So, growing does not necessarily mean winning over so many more clients, although this is also part of our strategy. However, increasing the engagement and principality is our great potential to unlock value, achieve growth and greater customer satisfaction.

We have a significant base of account holders and also of non-account holders, the latter basically having a one-off relationship with the bank, whether through a credit card, payroll loan, vehicle financing or mortgage loan. We see the potential that this issue has to unlock value for the bank and more cross-sell solutions. However, this does not depend on sales efforts only.

The truth is that this starting point is the result of the way we had been structured. Prior to the new operating model, each of these units were separate business units. When asked who Itaú clients were, we did not have a prompt answer, we had to look at which segment we were talking about, such as Itaucard clients or account holding clients.

Now we have clarity on who the Individual clients are and what we can achieve with them.

A second gap concerns our relationship with these clients. When it comes to cross-selling, we need to understand that some clients relate to us through different apps or more often the relationship is not even digital.

To bring Banco Itaú and all its solutions to these clients, we make huge efforts from the sales viewpoint, but clients also have to make a big effort, since for each new product that they purchase, they have to identify themselves once again, there is another way to login and they have to get new passwords.

This topic is being addressed in a very important priority project internally named 'One Itaú'. It's about bringing 100% of our solutions to 100% of our clients, regardless of how they've started the relationship with the bank.

This project aims at meeting the clients' needs, wherever they are and right at that moment in time. It means that from the moment we win over this client, we enable them to have an Itaú full of advantages at their disposal easily and at a click. It also means that, even if we must have more than just one app, all solutions will be available in all the apps with an easy login, so clients don't need to do the entire introduction again.

The second element which I believe has great potential for growth, is the concept of looking not at the product, but rather at the need. For example, when we talk about seeing the product, we are talking about the mortgage-product manager. When we talk about understanding a need, we are thinking about how I can meet the client's need, which is to purchase a product. To achieve this, we need to imagine being the client. Nobody wakes up one morning wanting to take out a mortgage loan, people wake up wanting to make the dream of owning their home come true. That's why an external channel strategy is so important. No client buys a property at the branch or via the bank app, but rather at a real

estate agency. This is why our external partnerships are key to identify this opportunity at the right moment, and we want to bring the mortgage loan solution to that moment. To achieve this goal we'll strive to improve journeys. I thought it was so amazing that Marina commented on the entire digitization process of a complex moment in the client's life, which is the purchase of a home.

Here in this area we had an NPS increase to 80 from 30 points, up 50 points at such a crucial moment. But what is our great objective? Selling mortgage loans? Definitely not. We want to help clients make their dream of owning a home come true and, at the same time, move all of Itaú towards a long-term relationship with them.

Imagine that we are meeting the need of a high-end client with the capacity to thrive and increasing their net worth. If we manage to take advantage of this moment, which is so very crucial for this client, and be able to offer them an investment solution, a differentiated payment method or credit solution, this will open the door to a result that goes beyond the product itself.

I'll give you a piece of data: for every mortgage loan we sell, one-third of the incremental result from this sale comes from the product. Two-thirds of the incremental result come from what the engagement of this high-potential, thriving client is bringing.

That is, this client brings twice as much result through the reduction of churn, increased engagement and increased sales of other products. This is just one example. And talking about the purchase chain of a product, we can think about how we facilitate the client's use of their FGTS, the government severance pay fund, and how we offer residential insurance solutions in a 100% digital way. We offer a full package to sort out the client's needs, regardless of whether these needs are about mortgage loans or insurance or with other types of solutions.

Renato Lulia

Makes perfect sense. I will continue on this topic, but now with Constantini.

Investments are also very important for our clients and this is an area that has undergone incredible transformations in recent years. You already commented a little in your first answer, but I would like to know what stage of this transformation we are at and what are the opportunities you see with Íon and with our brokerage. So, tell us a little more about investments.

Carlos Constantini

Nice question and I'm pleased to speak after Zancani, because I agree totally. Investing is a necessity, and no one leaves home to buy a Certificate of Deposit or to buy a fund. You leave home to multiply your assets, you leave home to monetize your assets, and this is how we see it at Wealth Management Services.

I wanted to talk about three points that I consider crucial, that have guided our strategy so far and will continue to guide our decision-making.

First, we see a lot of value in the integrated investment system and we will continue to work this way. What is an integrated investment system? It's a system that has distribution, offering

and experience, including digital experience and content, which as I've said earlier, in the case of investments is part of the decision-making process, so that the client who has that need, consumes content to make his decision.

Asset management, the capital market's infrastructure – we are leaders in several components of this infrastructure. What I mean as infrastructure is fund services and custody, accounting and all. In particular, I mean the origination of good products. To originate good products you need to have access to the market, you need to have access to the source, to issuers, where the good products come from so that you can make this flywheel and bring the best products, distribute the best products, manage the best products, and so on.

But the second, equally important point is: how do you integrate it with the full bank? It goes very much in line with some things that Zancani said today and Vanzo spoke about a little earlier. How do you bring this to *One Itaú*, that is, how do you provide a unique experience? How do you manage to fully service the client? And here I could, once again, give the example of interaction in the digital experience of the SuperApp, which is our flagship app, where the client will be able to get fully serviced, will meet their needs, will solve their financial life, including investments, or the Íon App, which is where the client can be immersed and have a more immersive experience in investments. This is where the client will be able to do more and more portfolio simulations, things that maybe are not a necessity for several clients, but are a need of some investor clients who want to have this immersive experience.

This interaction has a parallel in human interaction; in the very successful matching, for example, that we have experienced among the Personalité relationship managers and the investment specialists at Íon. Again, you bring all this specialization, you also bring all the relationship and knowledge of the client, which the relationship manager can bring. And, for me, this combination is a very important second pillar that I think has guided our strategy so far, and keeps guiding this strategy, and I think this is where the investment world is heading to go.

There's no point in being a super well-focused monoliner if you don't have the understanding of all the client's needs. And it's no use being a full-service bank that can't talk in depth about the topic. That, to me, is an important feature.

But there's a third that we sometimes forget to mention and I find important, that is experience. Talking about and offering investments is a serious matter. When it comes to investments, we talk a lot about innovation, I love to talk about innovation, it's a catchy topic. We never stop bringing new offers, redesigning the area, redesigning the journey. But it's one thing to talk about innovation and another thing to talk about innovation with an experience that allows you to bring it with a lot of responsibility.

I think it makes the difference to be a part of Wealth Management Services in Itaú Unibanco. An institution that is about to turn 100 years old, an asset manager that is over 60 years old, a private bank that is over 30 years old, an international private bank that is over 16 years old. We've just celebrated, this year, 50 years in custody services, which is a service, again talking about infrastructure, that we provide to the capital market issuers.

Wealth Management Services will continue to grow. I believe we are faced with a challenge here. We currently have 30% market share in private banking. In the high-income segment we

have approximately 20% of assets under custody, but we have gained a lot of revenue share. Why? Because we have an increasingly complete offer.

So, our revenue share has been growing rapidly as we bring more products, more investment offers to our clients. I believe there is a lot of growth yet to happen in investments. And I think we have an important stage of consolidation ahead of us. Because our model fosters consolidation, we have brought a lot of new tools that will allow us to increase efficiency, better management, account load, productivity of our model and service to our clients.

So, I'm very excited too, and just to wrap things up, Renato, I would like to talk a bit about industry regulation. The industry is moving towards more transparency and I believe that the client is the big winner and together with the client, the bank whose incentive model is aligned with the him, and I be where I that's where we are. Therefore, the more transparency, the better for those who have a model like ours. I'm very excited about the timing and the direction of regulation the industry is adopting. I'm pretty excited about the investment world going forward.

Renato Lulia

Excellent! And I'll wrap it up with Marina, because I want more information about a topic you commented on in your first answer, which is customer service. Good customer service is surely essential for good client experience. You've done plenty of things over the years, but I know you have a nice pipeline of innovations too. So, tell us what you've done and what's in the pipeline. What are the novelties in the pipeline?

Marina Bellini

It's very good to wrap up by talking about service, because in the end this is what we exist for, to serve our client, with increasingly complete solutions, and have a lot to talk about innovation in service. But before talking about technology and innovation, I'd like to point out that our great innovation is our culture, it is our Ituber who is looking at the technological opportunities, looking at process opportunities, and transforming this into real actions for our clients.

Technology helps us to have this strength to seek an increasingly better experience. I believe we have three technologies that make a lot of difference today and I 'm going to talk a little bit more about the future. We already have Itaú's virtual service, which we call AVI. Currently, 68% of the service requests that we get are met via virtual service.

We start with the following premise: if a client wishes to speak with an attendant he will. But at the end of the day, 68% of the callers choose not to because the client can get a solution immediately, and the idea is to continue including more and more journeys, supported by contextualized data, so that this service can be carried out. At the end of the day, this model will be much faster than a human attendant.

So, this was a technology that a few years ago we decided to internalize and make it an Itaú proprietary technology, because we believe that we know our clients very well and, in this way, we will continue to get to know them, because the tool feeds it self back to more and more journeys to be solved faster, as self-service by each of our clients. So, this is a winning technology that we want to keep growing, as part of expanding business technologies.

Because, in the end, service is not only provided by a call center. The other technology where we're seeing a lot of value is predictive analytics. Before a client talks to us, we actively talk to them. I've said before that we had 200 million client interactions. We have 650 million client interactions before they think about contacting us. It's both a bit of presale and sale, and also aftersales.

If we know that a credit card bill has reached the limit, we suggest a prepayment in order to release the limit for that client. That way, we don't have to wait for the client's request. In the case of a purchase, close to the expiration date of a card, we do the same thing, we try to renew that card. We can also do the release of an insurance claim, of which we've already mentioned several examples. We can, by contextualization, predict that the client will need to talk to us and we anticipate when to contact the client, again, with a self-service solution for the client to use. And we also have reactive analytics, which is used to contextualize, understand why a client gets in touch and be able to reply with a solution faster.

And today, 75% of the requests we receive from clients are contextualized and we are able to reply immediately. What do we do besides learning for the service to be better? Vanzo talked about "Ituber Escuta", how we are listening to and calling the client, besides making 100% of the calls available to all itubers.

So, in addition to being able to contact clients when we think it's necessary, we can listen, as has been emphasized again and again today, and understand our clients together with the product teams and teams from different segments. This creates a learning curve, again, for each ituber, to increasingly know our clients. Obviously, you can't talk about technology and service without talking about cognitive artificial intelligence, which we're also starting to experiment on.

So, I leave a spoiler of how this will be in the future, improving our interactions with our clients. I think this is a good way to end our individuals session, in addition to anticipating and talking a little about personal businesses. A new service that we've just launched in January is our IGA, Itaú Asset Management. This brings together our purchasing, non-financial assets and asset management services, which we have already carried out for the whole Itaú and offer to our medium and large clients, in order to bring efficiency, quality, performance ethics, and innovation to our clients.

In the current macroeconomic environment, what client would not want to be able to count on the scale and knowledge that we offer as Itaú? So, I think that helps us to move on to the next session, Renato.

Renato Lulia

Thank you for the final line, Marina. And thanks to Vanzo, Constantini and Zancani for this talk. With that, we wrap up our panel on individuals. But we still have the panel on companies. As we say goodbye and get ready for the next panel, let's see a video featuring Itaú virtual card, a practical and safe way to pay online.

Thank you all.

Panel: Companies, Treasury, Latin America and Technology

Renato Lulia

Finally, to begin this third and final panel, but obviously not least, in which we will talk about Companies, Treasury, Latin America and Technology, I invite Flavio, André, Pedro, and Guerra to come on stage.

Flavio Souza is CEO of Itaú BBA, the Wholesale business of Itaú Unibanco. André Rodrigues is responsible for Small and Medium Enterprises. Pedro Lorenzini, is ahead of Global Markets, Treasury and Latin America operations. And finally, Ricardo Guerra, who leads the entire Technology area of the Bank.

Welcome again. Thank you, Guerra, Flavio, André, and Pedro. Let's start the last Itaú Day panel. Last but not least, surely.

In this panel, we will focus on some of the bank's other business: Technology, Treasury, Itaú BBA and Small and Middle-Market Companies, which are, to a certain extent, less known to the bank's general audience, who see the bank street branches or have more contact with the Individuals bank.

To kick off this panel, let's spend some time with Pedro, André and Flavio telling you a little bit about their areas. I think it's a good beginning for this last panel of ours. Flavio, can we start with you?

Flavio Souza

Of course! I think it's a great topic for us to start this panel, Renato. Talking a little bit about Itaú BBA. What is Itaú BBA? Itaú BBA is our business unit at Itaú Unibanco dedicated to serving large corporations in Brazil.

Today we have a relationship with 23,000 of the largest economic groups in Brazil. And this relationship happens through an offer that is very comprehensive. This offer starts in the transactional component, in cash management, a whole menu of credit products, going through all the derivatives, foreign exchange, and reaching the most strategic transactions, such as all the investment banking advice that we provide to our clients, from debt and equity issuance activities, to mergers and acquisitions.

And how did we organize ourselves to be able to serve our clients? At Itaú BBA, we have segments specializing from end to end. What do we mean by that? These segments, not only in the business side, but in all areas into the bank, through the desks, the credit segment, transactions, etc., are all dedicated to serving each of these clients, with a very differentiated value proposition. And today we have four major segments in our operation.

We have the Ultra segment, which serves the main conglomerates in Brazil. We have the large Corporate segment, in which we relate to approximately a thousand corporate groups. The mid-sized businesses, which total approximately 17,000 groups, and we have 5,000 clients in our agribusiness segment, in addition to some specialized niches.

Our operations at Itaú BBA have been going through a period of very interesting growth, a cycle of some very positive years, not only operational growth, but also profitability growth.

Just to give you a reference, in the last two years, the operating revenue metric, which is the sum of this operation's revenues, grew 60 percent. And with very healthy cost of credit behavior during this period, we have doubled the results of operations in these last two years.

Where does the growth of our operation come from? It not only comes from a very important growth in large corporations, which is Itaú BBA's home segment of, but over the last few years, we have also dedicated a strong effort to develop new segments.

Over the last few years, we basically created, through these new segments that we started to operate, a new Itaú BBA. In other words, when we look at Itaú BBA today, half of our operation is dedicated to large corporations and half of our operation is already generated by these new segments, in particular, the agribusiness and mid-sized businesses.

Last but not least, this has happened through the recognition of our clients, which gives us a great satisfaction. This growth has been accompanied by a very high level of satisfaction. Currently, our operation's NPS has been at this 80-point level for quite some time. Which really puts us at a level of excellence.

That is to say, Itaú BBA is an operation that is completing 20 years this year, very healthy and growing at a strong pace. And this has allowed us to contribute over the years with an important share, more than a third of Itaú Unibanco's earnings.

Renato Lulia

That's massive. Thank you. And can I continue with you, André, so we can talk about Small and Middle-Market Companies?

André Rodrigues

Sure, Renato. I believe that, taking into account the bank's chain of companies, the business of small and middle-market companies is one of the largest and most profitable in our operation. If we only look at the pre-tax profit of these retail SMEs, we are reaching a level of R\$10 billion. This number includes a very high level of profitability, with RAROC of this operation exceeding 35%. And we have plenty of growth prospects.

When we look at the potential clients we can attract to our current service model, we are talking about three to four times our current client base. That's because an important part of this opportunity lies in the conglomerate's own business ecosystem. That is, they are companies with links to other bank operations. For example, with Itaú BBA, with Rede, with the individuals segments. We also surely have opportunities with those who are not currently clients of our conglomerate. This is really a very interesting growth opportunity. Our operation already has some well-established competitive advantages, which translates into the NPS and robust credit management. We also have a massive opportunity to expand or increase our competitive differentials. This is one of the topics I'd like to comment on, for example, it's about the banking and acquiring integration that we are promoting in a more structural way this year.

Renato Lulia

We'll surely talk about it. Thank you. Pedro, you also have clients, companies, whether Treasury, Institutional and or in Latin America. But there's more under your management. Tell us about these operations.

Pedro Lorenzini

Great, Renato. This is a great opportunity to talk about the business we have in Latin America and the world of global markets and treasury.

Starting with Latin America, as you know, we have universal banks spread across countries, mainly: Argentina, Uruguay, Paraguay, Chile and Colombia. We have made significant, strategic investments in modernizing processes to digitize our client experience. This occurs mainly through the use of agile communities. We've done this work in all countries. As we improve our solutions and processes, we achieve much more product synergy. This generates better solutions and much faster and more thorough responses for our clients. This is crucial for us to win over more clients and increase our market share of existing clients.

For now, the assertiveness of this strategy seems to be quite right. It is greatly reflected in our numbers. For example, how we grew in terms of results this quarter compared to the fourth quarter of 2022. We increased profit generation by 20%, generating approximately R\$800 million in the aggregate of units.

I believe that our NPS numbers are the most important, in addition to the balance sheet and income, as they represent our client satisfaction. In Chile, our largest operation outside Brazil, we jumped to the first place NPS-wise from tenth in 2018, in nearly all categories, in all NPS metrics we track in Chile. That also happens in the Southern Cone. In Uruguay, we are leaders in basically all the metrics we track as an NPS measure. That's really awesome, since we are really proposing a solution and helping our clients with products and meeting all the needs clients have in these countries.

Talking about Global Markets, I'd say that we have a well consolidated and very profitable business. We need however to be constantly evolving and improving. We operate in all local markets. We face all risk factors in local markets and we access main global markets to be able to meet our clients' needs. For this reason, we focus on what makes sense for our clients so we can deliver solutions here in Brazil. I'd say that our risk management is very thorough and modern. That enables us to ride out these moments of crisis, which are sometimes more acute, with great volatility, by capturing value, serving our clients and generating results for the bank. I believe this is a key condition so that we are able to deliver, ultimately, good products and good advice to our clients.

I'd also say that, in the world of global markets, talent, modernization, innovation and diversification of products in different segments, such as energy, commodities, crypto assets, international assets, in addition to plenty of discipline in risk management, are the key pillars of our business. And the combination of these elements makes us top the rankings we make up. We analyze those elements that can be measured more objectively, such as the commercial exchange market, in which we are leaders in imports and exports in Brazil, Chile, Uruguay and Paraguay.

We've got over 15% market share in derivatives, also having a very consistent leading role. It is the sum of these practices and disciplines that places us in this position. I'd also say that maturity and this pursuit of innovation and business transformation make our numbers more consistent. Therefore, it's possible to perceive this consistency in the results we've been recording, in the margin with the market, which has been quite consistent in these last quarters, and I'd even say over the last few years. This showcases the consistency in our management in the world of global markets.

Renato Lulia

That's consistency in both absolute and relative terms. We've really outperformed expectations in relation to the market also in these last quarters. André, since we're at it, I want to explore it a little further, as your passion for the potential of SMEs is crystal clear.

We see today an outstanding performance of the bank in this segment. Clearly when we listen to it, it seems like there's so much more to do. Tell me what you think has been Itaú's differential so far and what else you see is coming for SMEs?

André Rodrigues

Awesome, Renato. It's about a set of key elements, and I'd like to highlight two of them, which I believe are particularly distinctive in our operation. The first element is credit risk management. We've achieved a very outstanding position in the industry.

The SME business model we've been developing at the conglomerate for almost a decade started back in 2014/2015. First for the middle-market and, in the last four or five years, it has expanded to the SME retail segment. And here there's no simple solution, Renato. It's a very broad combination of elements that structure the business model. Most of these elements are proprietary developments. Over time we've been consolidating a differentiation that I consider quite significant. And we realize that competitors may be living in a somewhat different reality today. I mean our traditional competitors, a significant share in fact, perhaps due to the crisis management mode added to a really challenging scenario. We see new entrants facing huge difficulties, with the challenge of providing credit in a sustainable and significant way in this industry. We also have the challenge of winning over higher value clients. When we look at Itaú Unibanco, at our entire SME operation, I believe that facts speak for themselves. Perhaps today we find no other similar cases in the industry, consistency-wise.

We were talking about consistency, while Pedro was commenting, this is a differentiation of an already long trajectory. I'll give an example here that I believe is important. When we talk, for example, of the NPL for 90 days of operation, we realize that some of our most direct competitors are navigating at levels that are two or three times higher than ours.

Renato Lulia

Our NPS has even dropped this quarter.

André Rodrigues

That's true. So to speak, they seem almost distinct segments. This does not mean that we've scaled down the operation. On the contrary, we have grown this business very consistently over

the last eight years, starting in 2015. We have a cumulative CAGR of approximately 13% in portfolio growth. Our portfolio grew 145% in this period. The market grew approximately 45%, so that's more than three times the market growth. We were ranked in third place, at a very reasonable distance from first place. Today we are the leaders in this business, leaders in total portfolio and, especially, leaders in non-overdue portfolio, which I believe is very significant for the health of our operation. As I've said, it's a combination of elements that I believe is very significant.

I'd also like to highlight the portfolio management: we've been very actively inducing a more resilient and selective mix in our portfolio. About 70% of our SME portfolio is allocated to mid-sized companies. It's something between 10 to 20 percentage points above from our main competitors. We do this by continuously clearing out the portfolio, increasing our share of risk in the best clients, profiles and clusters and surely phasing out those we understand are not healthy in the portfolio. This, in addition to a thorough framework of policies and very distinctive credit models, which we've been improving over the years.

We've got some elements that are, should I say, very different from what we find in both the domestic industry and abroad. We dare to carry out a decentralized credit management, complementary to what we'd done before. For this reason, today our entire sales force is trained and has the role of actually being the first line of defense for the operation. The credit teams are in the units, distributed throughout Brazil, both in the Middle and retail SMEs, acculturating our commercial agents.

Lastly, still talking about the issue of credit, I believe there are two elements we must highlight. First, the experience achieved. We've already had very challenging credit cycles, and plenty of the senior management involved throughout this transformation is still leading our SME business operations. Surely the institutionalization of this expertise is key for such consistency over time. This is the first aspect of credit management, which is very important. The second one has to do with engagement. I know we are here talking a lot about this throughout the event. Engagement is not just a metric, something that is measured ex-post, but rather as a true framework, which is very integrated. This is what we call here an engagement machine. If he hadn't mentioned it before, Milton will probably also talk about it here.

Renato Lulia

He talked about it in the beginning.

André Rodrigues

It all begins with the metric itself. We use very strict criteria for what we call an 'engaged client'. A client engaged with the conglomerate is one with most of their financial needs concentrated here. Today, in the SME business, more than 60% of our clients are engaged. These are clients that bring more life-time-value, which reduces churn. This is a massive point. The metric itself is quite robust.

The second point is related to structural investment, isn't it, Guerra? We've been upgrading our data platforms. Today we have a best-in-class CRM platform in our business, a continuous evolution towards modernization. At the same time, by bringing these elements together, we started to genuinely talk about mass customization. To this end, what we call the "best talk"

here at the bank, that is, approaching the client with their specific needs, with the right argument, at the right time, through the most effective channel. This has helped us increase our order conversion five times. All of this is connected with a framework of incentives and commercial method, in which the engagement instrumentally directs our entire sales force. Again, not an ex-post metric. It's a whole structure, the kind of operation we've built and ensured that currently our entire sales force, our entire operation, including digital channels, is being guided somewhat by a smooth coordination of the engagement machine, which is about the client, talks and channels. Therefore, Renato, with that we are experiencing unprecedented levels of productivity in the organization.

Renato Lulia

Guerra, I'm going to ask you to take a step back. You saw that all the panels, all the discussions we've had at the bank, since the Milton kicked off the event and in all talks, that the topic of technology was ever present. So, this is about culture and, technology, which go hand-in-hand and pervades everything we do here at the bank.

So share with us a little more about this technological evolution of the bank. What are the great achievements we've had in recent years in terms of data and technology, and how do you see this impacting our clients? How has this turned into the best service and the best client experience?

Ricardo Guerra

Perfect, Renato! Our transformation journey began more than seven years ago.

We had surely talked about this several times before. It is a complex and long journey, involving several pillars and steps. But our vision of this journey is focused on bringing better experiences and products for clients. For decades the world has been evolving based on technology to offer better products in all industries and this has been impacting the way people live and interact with other people or companies.

It's not different for the financial industry. Our clients demand we deliver better experiences. When we started discussing this journey, we realized that to achieve it at Itaú Unibanco, a company of our size, in terms of volume and number of businesses, we needed to have some important characteristics. Take speed, for instance, because the speed at which clients evolve and demand products and services are increasing. If our speed does not match the client's, then basically we won't meet their expectations. And we must meet expectations with quality, because we surely cannot make any mistakes. We must also do so with efficiency, since the more you invest in technology, the wider your range of products and services. If you don't have a very strong focus on efficiency, it becomes unattainable.

Looking at these pillars, we made some major investments to address these speed, quality and efficiency issues. The first one comes from the evolution of the technological platform. Itaú Unibanco kicked off its technological platform in the 1970s, and now we are celebrating nearly 50 years of its use. Like large established companies that started similar technology many decades ago, we had, and I'm using the word in the past tense on purpose, a very complex legacy that caused plenty of slowdown. We've already had more than five years of evolution in upgrading this legacy. Today I can tell you that more than half of our technology platform is

upgraded. This means that the architecture, the way it is built, is much more modern, componentized and running in the cloud. It is the most modern infrastructure we have today. This enable us to bring this speed from a technical viewpoint. We understand that nearly 70% of what needed to be modernized has been accomplished.

Why is there this gap between 50% and 70%? We don't need to prioritize 100% of the platform. So, two-thirds, approximately 70% of what was prioritized, is already done. That's why I used the phrase "in the past": we understand that this is an issue that's already been sorted out in several business units. And we surely keep on evolving. Technology will keep on evolving. This has become part of the way we manage our business. This constant technological evolution is part of our life. We learn how to do it and we'll keep doing it forever.

There's a second dimension, which is the methodology we work with. Many people talk about agile method, but rather than the technicality of the method, we need to understand that by making decisions between technology, products, design and operations, we are able to shorten the gap in talks, get to the client, come to understand the needs more quickly and deliver faster value as well. So, this methodology enables us to leverage speed to deliver the experiences we intend to.

All of this is done with a very robust data platform. Itaú Unibanco's data is spread across several platforms built over the last few decades. It's a complex technological challenge to bring all this data to the same place in a consistent way, so that each piece of data understands what another piece of data represents and you are able to bring client-centricity to the decision-making process. André was just talking about the engagement machine and CRM offering decisions. It's precisely through this technology, which brings this concentrated client view, that you can make this type of decision.

These constructions bring speed, quality, always focusing on efficiency, because we can do this in different ways. We try to do it efficiently, with plenty of reuse, creating unique inexpensive pieces so we can deliver them cheaper.

Therefore, we have very interesting results. Renato, I'd like to share with you some numbers that somehow illustrate the special moment we are living in. Over the past two years, delivery speed has improved by 40%. Regarding the numbers for the last five years in Itaú Unibanco, we've multiplied by ten the number of implementations in the bank.

All of this is associated with better quality. Our incident rates have improved by nearly 100% since 2018. Our efficiency rate led to the reduction by 30% of the cost per transaction in everything we run. We are thrilled with these results.

When we hear testimonials, such as those from André and Flávio, we realize that clients begin to value it and that the business begins to use technology at this speed, reaching faster conclusions.

All this transformation brings many benefits. We've got much to do. As I said before, this is an ongoing journey. Technology has greatly evolved. We cannot lose the ability to understand what's happening in the world, at all times focusing on results and the client, to continue evolving at the same pace.

Renato Lulia

Perfect. Let's stick to innovation, then? Because there's so much to talk about. And technology is surely a top pillar of this innovation front. I'd like to do the following: let's move to Pedro, then André and come back to you too, Guerra, to talk about innovation. Pedro, please, can you talk a little about Itaú Digital Assets and what else you are up to with your team? André, can you give us updates on the Atlas project, that you had left on a cliffhanger on Itaú Day last year? Guerra, what's trending now is artificial intelligence. Can you tell us what we are up to at the bank in this regard? Let me start with Pedro on Global Markets and LATAM.

Pedro Lorenzini

Talking about digital assets now, you've asked how the development on this front is faring. I'd say that we are in full development mode, and aiming at the evolution of products from today's world, in our real world, to the digital world. We are right in this moment. I've been participating intensely in discussions with regulators, partners, and fintechs, so that we can learn and understand what the best solution is, what the best format is to deliver digital products to our clients in the future.

This has been happening in technical cooperation with different market players. We are not just learning, but also trying to contribute with regulators to help in the formation of this digital market. We've carried out some tokenization pilots, carried out some product tests with our fintech partners, developed custody and trading solutions, always with consistency, with the Itaú brand and care, which for us is essential for a very high-quality and safe product for our clients. Soon we should have an integrated offer for such a solution that meets the demand of our clients. Therefore, we are getting ready for the upcoming digital market.

Why is this so important? Because then we can have a broader, more flexible and safer infrastructure, integrating traditional and digital markets, which is what we expect to take place at some point, not too distant in the future. This is where we are today with our digital assets.

Renato Lulia

A topic for Itaú Day 2024, then.

André, would you please tell us something about Atlas?

André Rodrigues

Of course, Renato. It's worth remembering a little bit about the moment I mentioned last year. What was Atlas's starting point? When we look at the market in general, we do not identify an operation that is fully digital, with relevance and scale aimed at the SME market.

That's when we started to think: "If this alternative does not exist, if it can be complementary, as we perceived a significant number of clients in our portfolio already with such a profile, which may be compatible with this type of offer, then we will try to develop this solution ourselves". At that moment we started the Atlas project.

This is how we defined this codename internally. We incubated the project over the first half of last year; in the second half we formally kicked off the project, already with a more structured shape. We are now in full swing and expect to carry out the soft launch at the end of the second half.

What do we look for with Atlas? First, it's important to be down to earth. As with all the lessons learned from the main innovation initiatives we've had at the bank, like iti and lupp, which serves as an important input for the path Atlas is taking. What is our goal with Atlas? We understand that it can be an absolutely complementary value proposition within our portfolio of solutions for SME clients.

For this purpose, we will surely analyze the compatibility of this solution or complementary value proposition, with an increasingly more relevant and growing profile in our portfolio. Focus is not about quantity. Focus is about selectivity, engagement, as we've got in the remainder of the operation. What we want at the end of the day, Renato, is to deliver an absolutely simple value offer, with a very competitive cost of service.

We are obsessed with two things: the emphasis on user experience and maximizing the entire data framework we have in the bank. We think these are the two great differentiating features. We have interesting aspects in management, as we have one management that is independent from the other, that is, we have an entrepreneur in charge of the project, with some degree of independence, which is something important for such an innovation initiative.

At the same time it has the independence to connect and leverage all the bank's assets. On the other hand, whenever a solution is found there that is more agile and more contemporary, then this solution can also be delivered to the bank. Prospects for this project are very positive. We believe that Atlas can not only be complementary to our segments, but, who knows, maybe even converge into our segments.

What do I mean? I mean that, with maturity, with the evolution of the business models we already have in SMEs, which are increasingly more digital and have a changing client profile, then perhaps we'll have a certain convergence. This would be fantastic from the bank's viewpoint, perhaps that's a new service paradigm for SMEs.

This is a little bit of our big dream here.

Renato Lulia

Proceed from there, Guerra, please. Now about AI. This is not a new topic, but it seems to have gained importance in recent months. What have we been up to at the bank, Guerra?

Ricardo Guerra

Amazing. I'll tell you something about the story. We've been using artificial intelligence for many years now, for many different applications, Renato. AI is a broad nomenclature, covering several different methodologies. We use it for sales decision-making, for credit-risk modeling, in short, for various uses with data in scale in the bank.

Renato Lulia

Vita has even commented that contracts are read by AI models and that they are hugely efficient in it. Matias has commented on regulation, that 50,000 new regulations have been issued and that there are AI models that help us understand them.

Ricardo Guerra

Exactly! This is exactly what we are observing from the end of last year and throughout this year. Everyone should know and talk much about ChatGPT, which is a specific methodology of modeling large volumes of text and it opens up important opportunities for using AI for this specific purpose, made for specific problems. We are studying this methodology very hard and testing it in several cases.

Renato, we have two key subjects here. One concerns efficiency, about being able to evaluate large volumes of text. You just gave two examples. There are other cases we are looking at in the bank, and through the ability to analyze large volumes of text, we can draw conclusions and make offers, and interact, whether with the client or internally, and that brings efficiency.

We are able to do this much faster and at an accelerated pace. There's a second subject concerning the client experience build up, which is also quite interesting. This new technology enables us to create experiences at a faster pace. At Itaú Unibanco we have a very strong practice of client experience design, where we try to build everything based on the client's need.

We have 65 million clients within the bank and we seek to deliver customized experiences. If we don't do this through the use of technology, it'll be impossible to understand what each client wants. This type of technology enables us to create plenty of experiences to handle different cases, in an amazingly quickly way, and conclude what would be the best experience for each type of customer in a much more agile way. By using the speed of technology I've mentioned, we were able to create amazing experiences. That's how things connect. AI is indeed essential, it is key for us to be able to deliver what each client really needs.

Renato Lulia

I remember you commenting in a talk in the bank that today we are one of the companies in the world that accesses AI the most, that uses AI technology the most, right, Guerra?

Ricardo Guerra

We are recognized by lead technology providers that master technology as an Early Adopter, as a company that is actually using AI on a large scale, adopting it faster in the world, both in terms of efficiency and in terms of producing our own technology.

Renato Lulia

Perfect! I'd like to stick to the topic of innovation, but from a slightly different angle now, since we tend to think of innovation in technology. Technology is surely about innovation, but innovation is also about thinking differently about the business model, about thinking about different segments. And since we are at it, I'd like to look at both sides with Flávio and André. So, on Itaú BBA's side, we brought a massive innovation in the coverage of two niches, for example, the agribusiness niche, which you mentioned briefly, and the tech one.

It's up to you now, André. Please talk about this powerful combination of SMEs and acquirers. I start with you, Flavio?

Flavio Souza

So, I'm going to talk a little bit about the agribusiness segment. It's hard to say just a few words about agribusiness, given the importance it has assumed over time. Just remember that a few days ago, the GDP of the first quarter was released, and the agribusiness section had grown 20 percent on top of an already relevant base. And in fact, what we've come to realize over time is that the very success of agribusiness has over time has created a limiting factor, because much of the funding used to finance the expansion of agribusiness in Brazil has always been heavily dependent on the so-called "Harvest Plan" (Plano Safra).

And as agribusiness activity grew, what we've realized is that the volume of the "Harvest Plan" funds, even after their adjustment, was covering an increasingly smaller portion of the agribusiness funding needs.

So, in 2019, we conducted a very specific study on this industry to be able to find out, in light of this opportunity, what the best position would be, in terms of the value proposition that we should put forward to this segment.

We concluded that we had to make a value proposition, in fact, a full, very specialized value proposition. And this value proposition rests on a few key elements. First, a dedicated, specialized team. Today we have a team that only talks about agriculture. I usually say that I often walk into agribusiness meetings as part of my daily job and it seems that I am in a different organization, because they have a very particular agenda and are very dedicated.

The agribusiness team has to be decentralized and needs to be next to our clients. Today we have 35, going on 40 agribusiness platforms spread out by the so-called "Brasil Agro", where we are effectively closer to our clients with a shelf of products that is fully dedicated and suited to this segment.

Another important decision is that we've also realized that understanding the chain is very important in agribusiness. So, looking at agribusiness vertically, starting at the inputs to industry then going through farmers and reaching the end of the chain, downstream at the tips of processing and sales, was very important. So, we verticalized our services to agribusiness. All agribusiness agents are gathered within this segment.

Today we have 700 people in the agribusiness operation spread throughout Brazil.

We have a client portfolio that has multiplied by four over this period and a loan portfolio that has grown three times over the same period, totaling R\$83 billion reais.

And this portfolio has very interesting elements, including diversification within agribusiness itself. So, when we look at this portfolio, you have an important diversification by type of culture, geographic area of operation, and type of activity. But I would say that this has started to have a very important element of diversification for Itaú BBA because when we look at the agribusiness, we see an operation that has a lower correlation with domestic activity.

We've just launched, a few days ago, a dedicated "green" product which is a type of rural credit dedicated to the financing of bio inputs. And even more recently, we've announced our entry into the capital of Órbia, which is the main agribusiness marketplace in Brazil and a new way to spread out and reach segments that, at first, we did not have a structure designed to reach.

Now let's move on to tech, which is our latest initiative. Here too, based on the needs of our clients, we began to observe that tech companies have their very own dynamic. We noticed that tech companies start like any company, very small, and have basic needs, but very early in their journey these companies already begin to have needs that, as rule, we only see as common for companies from traditional segments at a later stage of growth.

Then, these companies start talking about capital contribution transactions using offshore funds. We're talking here about a very large operation involving mergers and acquisitions. And these entrepreneurs need to talk to someone, they need a value proposition for companies that are often still in a maturation process, sometimes even of cash flow formation, under construction.

You need an entire value proposition, from the way you look at credit to the type of services that you can provide to these clients: it's all quite specialized.

This is why we created the tech niche. This niche emerged in 2021, and during this entire period, the operation has also been developing at a fairly strong pace. Today we already have 1,500 companies served by the niche tech segment, and we already have 100 people dedicated to this operation.

Entrepreneurs and tech companies continue to emerge and develop. So, we look at our tech niche with a very positive expectation for the coming years.

Renato Lulia

Excellent, Flavio. Thank you. I'll be moving to you now, André.

André Rodrigues

Ok, let's get it done! I'll talk a bit about this integration we are promoting now, the acquiring activities of Rede with our banking operation. It's true that this process, Renato, started basically two or three years ago. In fact, it really started there at the wholesale business. It was very successful, with the teams that Flávio leads.

We want the whole approach to our retail business clients to be effectively integrated starting at certain moment along this year. To do so, we'll need to move all the elements that are enablers for this operation, which concerns a technological platform. We are talking about the entire pricing data intelligence, which is connected with starting the relationship.

Therefore, the approach to new relationships is also involved in this new dynamic. As well as all journeys, products and services associated with our combined offer of both acquiring and banking. This vision we have for the value proposition should result in an effective integration, with the client vision, so we can define what will be offered to our clients.

And it should be done in a very transparent and simple way. Then, at the end of the day, what do we want? The answer is to bring something that is perhaps unique to the market. We realize that setting up or providing a solution like this is not a simple challenge. This is clear when we look at our main competitors, whether due to corporate complexity, which surely brings integration and execution challenges, or due to the lack of a product shelf as wide and complete as ours. These competitors even lack the capabilities or expertise to offer banking, so they end up lacking this opportunity. We do have and are moving strongly towards that direction. Now,

with all this being done, I believe we are in a very special moment: this is a historic moment for Rede. This year we are going to celebrate some really historic results. After consecutive years in this industry full of a series of hardships, we are now achieving a leading role in this market.

I believe we will see a market share in qualified retail, the segment we chose to operate, with a very distinctive position. Our NPS and customer satisfaction have evolved very positively, and we are at an all-time high. In a way, we are already leading among the best players. I believe all of this to be so important, it's something having to do with consistency, but without relinquishing profitability and focus on selectivity at any time.

We are not operating in all markets. We are operating in a very focused way on markets we really believe have a competitive edge. At the end of the day, looking ahead, what we believe to be the acquiring activities at Itaú will be increasingly perceived and addressed from the prospect of a complete offer for the client, very close to the business units, wholesale and retail business, in a 360 view.

I believe that we've closed a very solid cycle and are getting ready for the next decade of evolution, continuing in the same direction we've headed in the last ten years.

Renato Lulia

Perfect. It's amazing to see how these different blocks are coming together. The excitement with the SME sector is clear, right, André? Now, the last question at this panel. Last question of the day. We'll chat a little bit more with Milton at the end.

But for that last question I won't innovate. But rather I'll continue with innovation. But with perhaps one of the most important innovations that we must look at today, which is sustainability. Flávio, we have a topic specifically for you, which is the transition to a low-carbon economy. Large companies are surely the ones with the highest emissions, by definition.

Our ESG vision is that it is integrated into the core of the business. So tell us. You, as the digital manager at Itaú BBA, and now, as the manager of this front of innovation and migration to a low-carbon economy, how is your journey with our clients?

Flavio Souza

I've said before that the topic of innovation and specialization is fascinating. This is yet another really exciting topic.

I think this topic is not new for us because, obviously, we've been talking about sustainability at the bank for a long time.

Now I realize that in the interactions with our clients the sustainability subject, the subject of the transition to a low-carbon economy, has become part of the agenda of the boards and the CEOs. Sustainability has really gained enormous strategic relevance. And in order to make this energy transition, we are talking about a very large volume of investment.

So, as you mentioned, we've made the decision earlier this year, as part of our ESG agenda, to incorporate the climate finance component into Itaú BBA's activities.

This structure became part of our operation in past years, and more recently, we have defined a number of actions to be taken. Already in 2019, we defined that the Bank must allocate R\$100

billion to positive-impact industries. When we realized the speed at which this was happening, in 2021, we said: “Look, we’re going to get past R\$100 billion really fast.” We revised that target from R\$100 to R\$400 billion by 2025.

And we’re coming at a very strong pace. We are close to R\$300 billion and I think we can reach this number even before our target year, which is 2025.

In 2021, we made the decision to be part of the Net-Zero Bank Alliance, and the main goal for the bank is to become a carbon-neutral company by 2050.

For a long time, the Bank has been carbon neutral in the so-called scopes 1 and 2 in our direct emissions. Therefore, to become carbon neutral means, in practice, that our loan portfolio or the loans that we grant to finance the activities of our clients, has to be carbon neutral by 2050. That is, to reach this goal, it means that our clients need to move in that direction.

There is a series of actions we have taken in this regard. We have created an ESG team within our capital market’s structure. This is a recent segment in Brazil, which conducts transactions involving issues of so-called “sustainable debts”. We lead the capital market ranking of ESG-linked transactions.

For the construction and real-estate industry, we have launched the Green Entrepreneur Plan, in which companies need to follow a series of protocols and, as a result, they have access to more favored conditions.

Agribusiness is a world of opportunities for the ESG agenda. There is a whole shelf of green products. I commented a little bit about the products that we’ve just launched when I was talking about agribusiness, which is a rural credit line to fund bio inputs. So, we have a lot going on also in this segment.

I would also highlight a very rewarding program that we have together with Syngenta, which is the so-called Reverte program. This program is oriented to recover 1 million hectares of degraded areas over time.

We also have, through Cubo, which is an entrepreneurship initiative that we have had for many years, an ESG-oriented vertical, the Cubo ESG. Anyway, there’s a lot going on.

And perhaps most importantly, Renato. When we look at Brazil from the standpoint of areas where Brazil stands out or has the potential to stand out, agribusiness is a segment in which Brazil really is a major global player. But when we look a few years ahead, Brazil has all the elements to stand out in the ESG agenda, given our energy matrix. In short, despite all the ongoing discussions, we still have a very large percentage of preserved areas in Brazil.

So, we have an opportunity here. Pedro’s team is working very hard on this topic, on the development of the carbon credit market. So, we have increasingly the ESG agenda to a more business-oriented agenda.

We see a huge opportunity. We’ve said and are working toward this goal: “we want to be the transition bank by supporting our clients in this journey.”

Renato Lulia

The panel couldn't have ended with a more important topic, and one that we have invested time and energy in to ultimately be the benchmark bank. Flavio, thank you. That's a key agenda not only for our investors, customers, but for everyone, right?

And with that, we wrap up our last panel. So we held three panels here at Itaú Day. Thank you so much for the presence of the four of you here. I think the talk we've had here was actually great. Before we proceed, let's see one more video. This time it's an ad about Itaú BBA, our wholesale bank, which has been building connections for over 20 years.

APIMEC BRAZIL

Renato Lulia

The Itaú Day is the time when we open the bank's doors for you. After all, transparency towards clients and also our investors is key for us. That's why it's a great pleasure to receive a very special guest here in our studio, Lucy Souza, APIMEC Brazil's CEO, which is the Association of Capital Markets Analysts and Investment Professionals.

Lucy, welcome. Tell us why you're participating in this special meeting today.

Lucy Sousa

It's my pleasure to be here, representing APIMEC Brazil. I'd like to greet our associates, other investment professionals and investors who follow us, and to say that I'm here celebrating the 28 uninterrupted years of meetings held in partnership between Itaú and APIMEC Brazil. Thanks to these 28 years you've been awarded the Assiduity Seal, in the Emerald category, which I have here with me and hand you right now.

Renato Lulia

Thanks a lot, Lucy! It's an honor for us to hold this partnership with you for such a long time, to be here in its 28th year. We surely hope that this partnership lasts for many, many years.

Lucy Sousa

So be it!

Renato Lulia

Well, you've all sent your questions, we already answered some of them along the panels, but we've set some questions aside for Milton to answer. So, I'm coming over here...How are you, Milton? I'm going to meet him, who is here beside the stage, and we'll continue our event.

Lucy, thank you once again. It's a pleasure to have you with us here today. These 28 years of partnership are really an honor.

Lucy Sousa

Thank you very much! All the best to Itaú's executives, IR professionals, investors, associates and analysts.

Renato Lulia

Thank you, Lucy.

See you!

Q&A Milton Maluhy

Renato Lulia

Hi, Milton, welcome back. Thanks for coming back for the closing. How awesome was that? We've received the certificate from APIMEC Brazil for 28 consecutive years of meetings with them.

Milton Maluhy

Thank you, Lucy. Thanks to the entire APIMEC team. For us, it is a great honor to receive the Emerald certificate for 28 years from APIMEC Brazil. I'll keep it with great care at the bank. Thank you very much! For those who haven't seen it, here it is. Very cool.

Renato Lulia

Let's wrap up the event, Milton?

Milton Maluhy

Let's. Please.

Renato Lulia

And for that, let's end this event by asking you two more questions. We've received hundreds of questions since the opening of registrations, and during the event as well, and we've already answered many of them throughout the panels. By the way, the panels were great today, a lot of discussion, a lot of content. I hope people enjoyed themselves. But we've saved these two for you to answer in the end, which are the ones that have been repeated the most in these hundreds of questions that we have received.

Milton Maluhy

Can I guess?

Renato Lulia

You already know the first one.

Milton Maluhy

Dividends.

Renato Lulia

That's right. Let's see. We didn't plan it in advance.

Milton Maluhy

We didn't.

Renato Lulia

So, the question is this, Milton: What can we expect from the bank's dividend policy for this year and the next? It is a very important, recurring subject for investors in general.

Milton Maluhy

Thank you, Renato. First, it is always important to put on record that it's up to the bank's Board of Directors to define the dividend policy and approves dividends. And what do we take into consideration? First, we take into consideration the organization's capital level. The capital ratio is the measure used to analyze whether we are comfortable having the minimum capital necessary to keep growing and profiting.

And the dividend practice has not changed, it is that matrix that we've commented on with the market for many years. We take into account two key aspects. The first one is the RWA growth, which is very technical, which in a simplified way we measures the growth of our portfolios. But it's not just the portfolio, it comprises market risk, operational risk, and other risks. We also look at the ability to monetize capital. So, the higher the profitability, the lower the use of capital, then the greater our ability to pay dividends.

Let's remember that we come from a period, since March 2020, the beginning of the pandemic, when we recognized very material provisions. We had a reduction in our capital and we have been rebuilding capital in a super consistent way over the last few years.

And today, we are at a capital level above our appetite, but we still have some scenarios and some challenges ahead: the regular challenges of the operation, macro challenges, market challenges, delinquency, growth – in short, all known challenges. And in the middle of the year there will be some changes in the Basel principles, with the implementation of new weights for Basel ratios, in credit risk, which are beneficial for us. Then, we'll need less capital to grow our portfolios and the current portfolio itself, but we also face some uncertainties, such as the capital for operational risk, which was already the subject-matter of a public consultation that has been closed. The Central Bank is still deciding what the legislation will be and what are its impacts, and the final version has been postponed to 2025. So, we're hoping to have more information so we can make a better sensitivity analysis. As soon as this becomes clear, if we continue to grow the capital and delivering earnings consistently, we will certainly discuss the matter at the Board of Directors, when possible, if there is any revision to be made to the policy and what the new policy will be looking forward.

But deep down, what we have to do and continue to do, regardless of the payout, which is how much of the profit you distribute, which we are currently estimating at 25%, is to keep growing profits, as our main role and goal, and use that to increase dividends per share, which we're going to continue to pursue.

Everyone has had a chance to see some of what our agenda has been and as soon as we have any kind of revision based on the issues that I have spoken about, we will surely come back to give more details to all our investors.

Renato Lulia

Excellent, Milton! Thanks a lot! And finally, one of the issues that we've talked about most in the panels as a whole, in addition to clients and culture, which we've talked about a lot, is technology. So, in closing, can you summarize what are the great opportunities and threats that you see emerging from these incredible technological developments that we've been seeing recently?

Milton Maluhy

First, technology played a very important role in increasing competition, in changing the logic that scale is what makes you more competitive. So, technology has been breaking down a lot of entry barriers to our market, even though it's a market that still requires a lot of capital, and highly regulated. So, it's not trivial to become a bank. We see a lot of companies or fintechs that aren't even banks and that are working to become one over time. But it is a regulated business that requires an ability that goes far beyond technology, to deliver a good experience, risk management capacity, capital management. So, technology is here to stay.

We've been talking a lot about legacy, so let's all agree that I'm not going to talk about legacy anymore. Let's say that we have already upgraded two-thirds of our platform and since we've already passed the two-thirds, the legacy is behind us. There is always room to improve and we keep moving forward, but I'd like to talk about a more modern platform which is a lot more competitive, a lot more dynamic.

And we've all seen it and our earnings depend on it. Our NPS is also a result of it, but I think it has two important messages, one for the inside and one outside. The inward message is that technology is available to anyone, you just have to have the resources; you buy a solution, and you're either go open source or buy third-party technology. But if you don't have the right cultural mindset, you don't leverage the value of technology.

So, we talk a lot about cultural transformation, digital transformation, but it's not technology for technology's sake, but the ability to correctly interpret client needs and deliver our clients amazing experiences and wonderful journeys. This is what we have been pursuing and, naturally, investing in and automating processes, thus reducing costs, becoming increasingly efficient and streamlined to serve our client well, with quality and competitiveness.

So, this has been our agenda and we continue to believe in that a lot. The competition will continue moving forward, as will we. Everybody's investing. I think the twist is in the cultural issue and the ability to have a mindset; having an agile service and work model is key. Because if you have the technology but you don't have an agile method, you don't leverage the value.

And to have the method without the culture, you leverage neither. And what is challenging and what we have heard more than ever, is that all the change will come from artificial intelligence, and the impacts artificial intelligence will have for our clients, for our business, and for the various industries.

So, we have to be aware of this, to go deep in what is new, by learning based on the logic that we do not know everything and it is at this pace that we have been working and we are sure that we will be able, once again, to make the necessary transformation. At the end of the day, we are surely at the forefront and delivering solutions of the highest level and quality to all our clients.

So, you have to look inward and you have to look outward. But we have this very well organized within the bank.

Renato Lulia

It's an ongoing journey, right Milton?

Milton Maluhy

Never stops. It's an ongoing journey.

Renato Lulia

An endless marathon.

Milton Maluhy

It's a project, it's a marathon. A marathon always has an end. So, that's what we've been talking about more and more, is that it's a never-ending game. We have to be very well prepared for this never-ending game. It's just that it's an endless baton-passing game. So, as we grow and run, we have to be prepared to pass on the baton to our successors as best we can. The same way I got the baton, I always have to go through with the better baton. That goes for all of us. The ability to make room for the new leadership emerging within the organization.

Renato Lulia

It couldn't end this morning better with you all here. It was a day full of content. I hope you've enjoyed getting to know more of what's new behind the figures that we share with you in every quarter. Milton, we stop here. We've finished Itaú Day 2023. I would like to ask you, please, to give a closing statement and your last message to those who have been with us here all morning.

Milton Maluhy

Great! Thanks everyone, once again. It was an intense morning, full of topics to discuss. As I've said at the beginning, we did it with great care, very thoughtfully, by conveying to you as much as we can say. Of course, we always have to be a little careful not to give away too much information, too many details, but I think that we have built a machine really capable of executing, attracting, and understanding our clients, of engaging our employees in a cohesive group, with a strong culture and in full transformation.

So, what I always do and will do once again is say thank you. Thanks to each one of you who are here today watching us. First and foremost thanks to our clients, for their trust and partnership. Thanks to our investors who trust us with their hard-earned and hard-working resources in our business and we have a great responsibility to take good care of your investments. And thanks to all our stakeholders, our 100,000 employees, our 100,000 itubers, who do this work every day.

We, on the Executive Committee, are the ones who are showing up here today, speaking a little bit about our journey, but it's not the work of any of us in isolation. I don't believe in the concept of one-man show or one-woman show. I believe in a unified group. I believe in a strong collective of employees and itubers engaged in delivering to you the best we can every day.

And this is what challenges us. I hope to return again in 2024, healthy, all together, sharing with you what has been and what this next year will be, with all the challenges that are in front of us. So, thank you once again. Have a great day, a great week, and see you soon. All the best to everyone.